

Exhibit 8

1
2 UNITED STATES DISTRICT COURT
3 SOUTHERN DISTRICT OF NEW YORK

4 -----X
5 IN RE:

6 RESIDENTIAL CAPITAL, LLC, et al.
7

8 Civil Action No. 12-12020 (MG)
9 -----X

10 ***CONFIDENTIAL***

11 DEPOSITION OF RON D'VARI

12 New York, New York

13 July 25, 2013
14
15
16
17

18 Reported by:

19 Rebecca Schaumloffel, RPR, CLR

20 Job No: 64177
21
22
23
24
25

Page 2

July 25, 2013
9:08 a.m.

Deposition of RON D'VARI, held at
the offices of McKool Smith, One Bryant Park,
New York, New York, before Rebecca
Schaumloffel, a Registered Professional
Reporter, Certified Livenote Reporter and
Notary Public of the State of New York.

Page 3

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ALSO PRESENT:

Richard Kelly, NewOak

Scott Gibson, Mountainview

* * *

2 (Pages 2 to 5)

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<p>1 R. D'VARI</p> <p>2 R O N D'V A R I, called as a witness,</p> <p>3 having been duly sworn, testified as follows:</p> <p>4 EXAMINATION BY</p> <p>5 MR. CARNEY:</p> <p>6 Q. Good morning, Dr. D'Vari. I'm</p> <p>7 Michael Carney from McKool Smith, and we</p> <p>8 represent Freddie Mac in this matter.</p> <p>9 And have you been deposed before?</p> <p>10 A. Yes, I have.</p> <p>11 Q. Okay. So I am sure you</p> <p>12 understand the -- understand the rules of a</p> <p>13 deposition, but to answer my questions under</p> <p>14 oath and I need verbal answers, so try to,</p> <p>15 instead of nodding, no gestures, please</p> <p>16 answer the questions verbally, and of course,</p> <p>17 if something is confusing and you don't</p> <p>18 understand, ask me, I will rephrase it, and</p> <p>19 if you need a break, just answer the question</p> <p>20 pending and then we will break after that.</p> <p>21 And one important thing your</p> <p>22 counsel may object to something I say.</p> <p>23 Unless he instructs you not to answer, please</p> <p>24 answer the question after he interposes his</p> <p>25 objection.</p>	<p>1 R. D'VARI</p> <p>2 So you said you have been deposed</p> <p>3 before. About how many times?</p> <p>4 A. Two times.</p> <p>5 Q. Can you tell me about those</p> <p>6 times?</p> <p>7 A. One in 2008 and once 2011.</p> <p>8 Q. So --</p> <p>9 A. Or '12.</p> <p>10 Q. In 2008, can you tell me what</p> <p>11 your role was in the case?</p> <p>12 A. I was an expert witness.</p> <p>13 Q. Can you just kind of tell me a</p> <p>14 little bit about what the case was about?</p> <p>15 A. The case was confidential.</p> <p>16 Q. Okay. Can you tell me what it</p> <p>17 was about at all?</p> <p>18 A. Sub prime, essentially. OTTI</p> <p>19 analysis, Other Than Temporary Impairments.</p> <p>20 Q. Okay. Can you tell me, without</p> <p>21 breaking any sort of Confidentiality</p> <p>22 Agreement you agreed to, can you tell me sort</p> <p>23 of the nature of your opinion in that matter?</p> <p>24 MR. NAPOLI: Objection. I think</p> <p>25 we are touching upon confidential</p>
Page 8	Page 9
<p>1 R. D'VARI</p> <p>2 information here.</p> <p>3 MR. CARNEY: So are you</p> <p>4 instructing him not to answer anything</p> <p>5 surrounding that case?</p> <p>6 MR. NAPOLI: Yes.</p> <p>7 Q. What was the second time you were</p> <p>8 deposed?</p> <p>9 A. In 2012. '11, '12.</p> <p>10 Q. And can you tell me about the</p> <p>11 case you were deposed in in 2012?</p> <p>12 A. No, it was a confidential matter</p> <p>13 as well.</p> <p>14 Q. Can you tell me generally,</p> <p>15 without impinging on any confidentiality that</p> <p>16 you had agreed to, what the matter was about?</p> <p>17 MR. NAPOLI: Objection. This</p> <p>18 is, again, we are touching upon</p> <p>19 confidential information that he</p> <p>20 cannot speak to. So I am instructing</p> <p>21 him not to answer that question.</p> <p>22 MR. CARNEY: Even without</p> <p>23 mentioning the parties, without</p> <p>24 mentioning, he can't even tell me</p> <p>25 about what the case was about?</p>	<p>1 R. D'VARI</p> <p>2 MR. NAPOLI: I think he has</p> <p>3 given you an idea of it.</p> <p>4 MR. CARNEY: Not for the</p> <p>5 2011-case, he hasn't told me anything.</p> <p>6 I just want know what it is about.</p> <p>7 Whether he was an expert. What it was</p> <p>8 about.</p> <p>9 MR. NAPOLI: General, very</p> <p>10 general discussion.</p> <p>11 A. Evaluation, essentially, and</p> <p>12 market conditions and sub-prime mortgages.</p> <p>13 Q. So in both of those cases that</p> <p>14 you testified as -- that you were deposed in</p> <p>15 2008 and 2012, those all had to do with</p> <p>16 the -- with sub-prime mortgages, generally?</p> <p>17 A. Structured products and RMBS and</p> <p>18 sub-prime, correct. Clarification,</p> <p>19 sub-prime, I mean non-agency RMBS.</p> <p>20 Q. When you mean non-agency RMBS,</p> <p>21 what do you mean by that?</p> <p>22 A. Meanings things are not</p> <p>23 conforming, Freddie and Fannie guaranteed</p> <p>24 bonds. Anything such as Alt A sub-prime and</p> <p>25 non-agency mortgages. Agency being Freddie</p>

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<p>1 R. D'VARI</p> <p>2 and/or one of the government guarantees,</p> <p>3 GSEs.</p> <p>4 Q. Were you an expert in the 2012</p> <p>5 matter, too, 2011 matter as well?</p> <p>6 A. I'm sorry?</p> <p>7 Q. Were you an expert in that case</p> <p>8 as well?</p> <p>9 A. Yes, I was.</p> <p>10 Q. So have you ever appeared as a</p> <p>11 witness at trial?</p> <p>12 A. No.</p> <p>13 Q. In any matter, not as an expert?</p> <p>14 A. In any matter.</p> <p>15 Q. Have you done anything to prepare</p> <p>16 for your deposition today?</p> <p>17 A. Yes.</p> <p>18 Q. Can you just describe for me what</p> <p>19 you have done?</p> <p>20 A. I read my Declaration once more.</p> <p>21 Q. Did you have any conversations</p> <p>22 with your counsel to prepare for this</p> <p>23 deposition?</p> <p>24 MR. NAPOLI: Objection. That's</p> <p>25 legally privileged, isn't it?</p>	<p>1 R. D'VARI</p> <p>2 MR. CARNEY: I can ask him if he</p> <p>3 had the conversation. I didn't ask</p> <p>4 what it was about.</p> <p>5 MR. LAWRENCE: You can answer</p> <p>6 yes or no.</p> <p>7 A. Yes.</p> <p>8 Q. About how many conversations did</p> <p>9 you have?</p> <p>10 A. Two.</p> <p>11 Q. And during those conversations to</p> <p>12 prepare for your deposition, did you receive</p> <p>13 any information from counsel that you relied</p> <p>14 upon in forming your opinions in this case?</p> <p>15 A. No.</p> <p>16 Q. So other than meeting with your</p> <p>17 counsel, did you have any other meetings or</p> <p>18 discussions with anyone else to prepare for</p> <p>19 your deposition?</p> <p>20 A. Typically I speak to my team,</p> <p>21 review the work that we have all done.</p> <p>22 Q. Okay. Did you do that in this</p> <p>23 instance?</p> <p>24 A. Yes, I did.</p> <p>25 Q. Who did you talk to?</p>
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<p>1 R. D'VARI</p> <p>2 A. My analyst as well as my</p> <p>3 associates and managing directors that have</p> <p>4 been involved and used in my normal course of</p> <p>5 work.</p> <p>6 Q. Okay. Can you -- how many people</p> <p>7 are we talking about here?</p> <p>8 A. Three, four.</p> <p>9 Q. Okay. Can you tell me who they</p> <p>10 were and what they do?</p> <p>11 A. They are NewOak employees and</p> <p>12 they are primarily analysts for residential</p> <p>13 mortgage backed securities, and they report</p> <p>14 to myself as the head of advisory.</p> <p>15 Q. Can you just tell me their names</p> <p>16 so I can kind of complete the record?</p> <p>17 MR. CARNEY: You can answer.</p> <p>18 A. Alex Selinger. Roger Piekta,</p> <p>19 P-I-E-K-T-A. Harood. For some reason I am</p> <p>20 skipping his last name.</p> <p>21 Q. You just don't know it?</p> <p>22 A. No, I just skipped.</p> <p>23 MR. LAWRENCE: If you know it,</p> <p>24 you can answer it.</p> <p>25 A. No, I don't.</p>	<p>1 R. D'VARI</p> <p>2 Q. If you don't know, if you forgot,</p> <p>3 fair enough. I won't tell him that. Those</p> <p>4 are the only three people from NewOak that</p> <p>5 you talked about to prepare for your</p> <p>6 deposition today?</p> <p>7 A. That is the three I recall.</p> <p>8 Q. Three, okay. Those were the</p> <p>9 three?</p> <p>10 A. Yes.</p> <p>11 Q. Okay. During those conversations</p> <p>12 with your -- with those NewOak employees, did</p> <p>13 you receive any information that you relied</p> <p>14 upon to form your opinions in the case?</p> <p>15 A. New information?</p> <p>16 Q. Yes.</p> <p>17 A. No.</p> <p>18 Q. Did they provide you any</p> <p>19 documents that you haven't already provided</p> <p>20 to us, to your knowledge?</p> <p>21 A. No. We're actually working on</p> <p>22 documents that we were submitting to your</p> <p>23 side.</p> <p>24 Q. Okay.</p> <p>25 A. Essentially preparing for sending</p>

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<p>1 R. D'VARI</p> <p>2 material.</p> <p>3 Q. I see. And were those, I am not</p> <p>4 sure I introduced these, but I will introduce</p> <p>5 these as exhibits D'Vari 1, 2 and 3.</p> <p>6 (Whereupon, D'Vari Exhibit 1,</p> <p>7 Home Price Index Used In Analysis was</p> <p>8 marked for identification as of this</p> <p>9 date by the Reporter.)</p> <p>10 (Whereupon, D'Vari Exhibit 2,</p> <p>11 Index Parameters Used In Analysis was</p> <p>12 marked for identification as of this</p> <p>13 date by the Reporter.)</p> <p>14 (Whereupon, D'Vari Exhibit 3,</p> <p>15 Import to Analysis was marked for</p> <p>16 identification as of this date by the</p> <p>17 Reporter.)</p> <p>18 Q. If you can just review those</p> <p>19 documents for a moment.</p> <p>20 A. I think I --</p> <p>21 Q. Do you recognize those documents?</p> <p>22 A. Sure, I do.</p> <p>23 Q. Can you just tell me what</p> <p>24 they are?</p> <p>25 A. Should I refer to the exhibit</p>	<p>1 R. D'VARI</p> <p>2 numbers?</p> <p>3 Q. Yes. Let's start with Exhibit 1.</p> <p>4 A. Exhibit 1 is -- refers to the,</p> <p>5 effectively, home price index that are used</p> <p>6 for our typical analysis.</p> <p>7 Q. Okay. And Exhibit 2?</p> <p>8 A. Exhibit 2 is unemployment as of</p> <p>9 April 2013 based on our analysis.</p> <p>10 Q. No, I think that's a separate</p> <p>11 worksheet included.</p> <p>12 A. I'm sorry. These are all</p> <p>13 Exhibit 1?</p> <p>14 Q. Yes, they are included in the</p> <p>15 same worksheet.</p> <p>16 A. I'm sorry.</p> <p>17 Q. Then Exhibit 2 is the second one.</p> <p>18 A. Yes. Those are effectively</p> <p>19 the -- effectively you are looking at</p> <p>20 index -- index parameters that were used in</p> <p>21 our analysis.</p> <p>22 Q. Then Exhibit 3?</p> <p>23 A. Exhibit 3 is really the import</p> <p>24 that goes to the analysis.</p> <p>25 Q. Now, you said that you were</p>
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<p>1 R. D'VARI</p> <p>2 working with your three employees to</p> <p>3 produce -- to work on documents that you were</p> <p>4 going to produce to McKool Smith. Are those</p> <p>5 the documents that you were working on?</p> <p>6 A. Yes, they are.</p> <p>7 Q. Did you work on any other</p> <p>8 documents with your employees before this</p> <p>9 deposition, related to your Declaration?</p> <p>10 A. Primarily these documents.</p> <p>11 Q. Anything else?</p> <p>12 A. As it relates to this?</p> <p>13 Q. Yes.</p> <p>14 A. We generally, you know, discuss</p> <p>15 and look at our models and things of that</p> <p>16 nature. But not -- but that's it.</p> <p>17 Q. Okay. So aside from those</p> <p>18 documents, what else did you look at prior to</p> <p>19 prepare for your deposition today?</p> <p>20 A. No documents. These and the</p> <p>21 testimony -- the Declaration that I provided.</p> <p>22 Q. Thank you. How is your firm</p> <p>23 being compensated for your work in this</p> <p>24 matter?</p> <p>25 A. Effectively, at a fixed -- as, A,</p>	<p>1 R. D'VARI</p> <p>2 we have an hourly rate, fixed hourly rate</p> <p>3 schedule and also per CUSIP and calculation</p> <p>4 analysis.</p> <p>5 Q. Now I didn't -- strike that.</p> <p>6 What is the -- so can you</p> <p>7 describe for me your compensation structure,</p> <p>8 what your hourly rate is and the CUSIP --</p> <p>9 A. It varies by the level of the</p> <p>10 employees, from analysts to managing director</p> <p>11 to essentially the principal or the expert,</p> <p>12 which in this case would be me.</p> <p>13 Q. So what's a range?</p> <p>14 A. I don't know the exact range</p> <p>15 because I don't review really the engagement</p> <p>16 letter and all those matters. But the range</p> <p>17 should be anywhere from, you know, 400 to</p> <p>18 potentially to 950.</p> <p>19 Q. When you said you get, I believe</p> <p>20 you said you are paid to do with the CUSIPs,</p> <p>21 what does that mean?</p> <p>22 A. Well, each tranche of interest</p> <p>23 within a trust essentially has designation</p> <p>24 that is recognized by market and those</p> <p>25 designations are called CUSIPs in the United</p>

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<p>1 R. D'VARI</p> <p>2 States.</p> <p>3 Q. Right. But you said that that</p> <p>4 had -- that had something to do with your</p> <p>5 compensation?</p> <p>6 A. Sure. We perform an analysis on</p> <p>7 a particular CUSIP that work on that and that</p> <p>8 depends on the number of parts set up, we get</p> <p>9 paid essentially a fixed fee on that.</p> <p>10 Q. So how much is that fixed fee?</p> <p>11 A. I don't recall.</p> <p>12 Q. You don't recall, okay. Now I</p> <p>13 saw that you -- did you file a retention</p> <p>14 application with the bankruptcy court?</p> <p>15 A. Did I?</p> <p>16 Q. Your firm.</p> <p>17 A. I believe so. I don't know the</p> <p>18 exact circumstances. Counsel handled that.</p> <p>19 Q. Okay. Do you know if you were --</p> <p>20 if your retention was approved by the</p> <p>21 bankruptcy court?</p> <p>22 MR. NAPOLI: Objection.</p> <p>23 A. Again, I don't have any</p> <p>24 information on that.</p> <p>25 MR. NAPOLI: Objection. That's</p>	<p>1 R. D'VARI</p> <p>2 privileged information.</p> <p>3 MR. CARNEY: How is his</p> <p>4 retention, his compensation privileged</p> <p>5 information? I mean, if he was</p> <p>6 approved by the bankruptcy court,</p> <p>7 there would be an order on the docket</p> <p>8 and I didn't see one.</p> <p>9 MR. LAWRENCE: I think what</p> <p>10 Mr. Napoli is saying, to the extent</p> <p>11 there is information you learned only</p> <p>12 through counsel, you shouldn't</p> <p>13 disclose your communications with</p> <p>14 counsel.</p> <p>15 MR. CARNEY: I think if it has</p> <p>16 do with his compensation structure,</p> <p>17 we can.</p> <p>18 MR. LAWRENCE: I don't know that</p> <p>19 it has anything to do with his</p> <p>20 compensation structure, per se, but go</p> <p>21 ahead and ask your question</p> <p>22 Mr. Carney.</p> <p>23 Q. All I want to know is do you know</p> <p>24 if your retention was approved by the</p> <p>25 bankruptcy court?</p>
Page 20	Page 21
<p>1 R. D'VARI</p> <p>2 A. Again, the counsel handled the --</p> <p>3 that work. I was just provided the</p> <p>4 information that was required.</p> <p>5 Q. So you don't know?</p> <p>6 A. I don't know the exact</p> <p>7 circumstances, no.</p> <p>8 Q. But do you have a formal</p> <p>9 engagement letter with Residential Capital?</p> <p>10 A. Yes, we do.</p> <p>11 MR. CARNEY: I just request that</p> <p>12 you provide me with that.</p> <p>13 MR. LAWRENCE: It's been filed</p> <p>14 with the court.</p> <p>15 MR. CARNEY: It has been, okay.</p> <p>16 Q. So do you know if you need court</p> <p>17 approval for your fees?</p> <p>18 MR. LAWRENCE: To the extent</p> <p>19 that this is, you would be revealing</p> <p>20 communications with counsel, you</p> <p>21 shouldn't do that. But if you can</p> <p>22 answer that without revealing</p> <p>23 communications with counsel, you can.</p> <p>24 So just respond to the extent that you</p> <p>25 can respond without revealing</p>	<p>1 R. D'VARI</p> <p>2 communications with counsel. And if</p> <p>3 you can't, you won't respond.</p> <p>4 A. I don't think I know the exact</p> <p>5 details.</p> <p>6 Q. All right. So can you describe</p> <p>7 for me the circumstances of how you got to be</p> <p>8 engaged in this matter?</p> <p>9 A. Please clarify.</p> <p>10 Q. How were you approached to do</p> <p>11 work for Residential Capital?</p> <p>12 MR. NAPOLI: Objection. That's</p> <p>13 legally privileged.</p> <p>14 MR. CARNEY: How he was</p> <p>15 approached to be retained by</p> <p>16 Residential Capital is legally</p> <p>17 privileged? That's a yes?</p> <p>18 MR. NAPOLI: Yes.</p> <p>19 MR. CARNEY: You are instructing</p> <p>20 him not to answer that.</p> <p>21 MR. LAWRENCE: Ed, I think if</p> <p>22 you want to generally ask when he was</p> <p>23 approached and by whom, I think that</p> <p>24 that's fine. But we should not reveal</p> <p>25 communications with counsel.</p>

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1 R. D'VARI
2 THE WITNESS: I understand.
3 MR. LAWRENCE: But let
4 Mr. Carney ask the question.
5 Q. Again, can you describe for me
6 how you got to be engaged in this matter, how
7 were you approached?
8 A. We received a call and primarily,
9 ultimately, ended up being from the counsel.
10 Q. Whose counsel?
11 A. Morrison.
12 Q. And --
13 MR. CARNEY: You shouldn't
14 reveal communications with counsel.
15 THE WITNESS: I understand.
16 A. Essentially, subject matter was
17 something that we're right to deal with and
18 were asked to answer some questions and we
19 felt we were qualified to answer them and we
20 accepted the retention.
21 Q. And when you were approached,
22 what were you told about the -- about what
23 you would be asked to be retained for, to do?
24 A. It's, I think, all revealed in
25 the Declaration.

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1 R. D'VARI
2 Q. Okay. And was there anything
3 else that they asked you to do aside from
4 that?
5 A. No.
6 Q. So have you worked for
7 Residential Capital in the past?
8 A. No.
9 Q. And has Morrison and Foerster
10 engaged you before in other cases?
11 A. No.
12 Q. And when were you retained by
13 Morrison and Foerster?
14 A. I don't exactly remember the
15 exact date.
16 Q. Ballpark?
17 A. The day I was approached or the
18 day we were engaged?
19 Q. How about both, when you were
20 approached first?
21 A. I think about essentially, June,
22 July.
23 Q. Of 2013?
24 A. Yes.
25 Q. Do you recall -- so it was late

1 R. D'VARI
2 Q. I just want to know what your
3 understanding is as we sit here today.
4 A. Would you like me to repeat what
5 our assignment was as per the Declaration?
6 MR. LAWRENCE: If you would like
7 to review your Declaration, you can
8 definitely do that.
9 MR. CARNEY: I just want to talk
10 about how he was retained for right
11 now and the circumstances of it.
12 A. Again, the matters were, as
13 identified were presented to us whether our
14 firm and myself are capable of handling.
15 Q. Okay.
16 A. As stated in the Declaration and
17 we were able to -- and determine that we not
18 only would be able to handle that, we would
19 be able do it in a timely fashion.
20 Q. Okay. And can you just describe
21 for me in an initial conversation what they
22 asked you to do?
23 A. Calculate essentially the
24 lifetime losses for certain tranches and
25 trusts.

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1 R. D'VARI
2 June, early July?
3 A. Yeah.
4 Q. And do you recall when you were
5 actually retained?
6 A. Same timeframe. Not exact dates.
7 Q. So a little bit after that?
8 A. Sure.
9 Q. So a week after, two weeks?
10 A. Yeah, probably. A week probably.
11 I don't know the exact.
12 Q. All right.
13 MR. LAWRENCE: Again, that
14 retention application is on file with
15 the court, so if you want the exact
16 date, you can get it there.
17 Q. Have you ever been retained by
18 FGIC?
19 A. It was already -- by the FGIC's
20 counsel, yes.
21 Q. And when were you retained by
22 FGIC?
23 A. Would have been, I believe 2010.
24 Q. When in 2010?
25 A. I don't remember the exact date.

7 (Pages 22 to 25)

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1 R. D'VARI
2 Would have been probably -- I don't want to
3 speculate but sometime in 2010.
4 Q. The middle of the year, end of
5 the year?
6 A. You are asking me to tell you
7 something I don't remember.
8 Q. So you don't know, you can't give
9 me an approximate time in 2010?
10 MR. LAWRENCE: Objection. Asked
11 and answered.
12 A. No, I can't.
13 Q. You can answer.
14 A. As I said, I don't necessarily
15 keep track of time that way.
16 Q. All right. Are you still
17 retained by FGIC now?
18 A. No. But again, you know, the --
19 I am not exactly sure, you know, the
20 termination clauses, but we haven't worked
21 for FGIC for sometime now.
22 Q. How long has it been since you
23 worked for FGIC?
24 A. I think our effort would have
25 probably ended in late 2011.

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1 R. D'VARI
2 matter.
3 Q. So let me repeat my question.
4 So I asked you, Dr. D'Vari, can
5 you describe for me how that ended your
6 retention with FGIC and you said very normal
7 fashion, completed our assignment. I asked
8 you what was that assignment. So if you can
9 answer that question for me.
10 A. That matter is really
11 confidential in nature. And that's really as
12 far as I can go.
13 Q. Okay. Let me mark as, I believe,
14 Exhibit 4. This is the Affidavit of
15 Michael W. Miller in further Support of the
16 first amended plan of rehabilitation.
17 (Whereupon, D'Vari Exhibit 4,
18 Affidavit of Michael W. Miller in
19 Further Support of the First Amended
20 Plan of Rehabilitation was marked for
21 identification as of this date by the
22 Reporter.)
23 Q. We may look at this for other
24 issues again later, but if you can turn to
25 paragraph 12 on page --

1 R. D'VARI
2 Q. And can you describe for me how
3 that ended?
4 A. Very normal fashion, completed
5 our assignment.
6 Q. What was that assignment? V?
7 A. Really we were asked to calculate
8 losses for --
9 MR. GREEN: Bart Green
10 representing FGIC. I am going to
11 object to the extent you are asking
12 him to reveal communications with
13 counsel.
14 So to the extent that answer is
15 revealing your conversations with FGIC
16 or FGIC's counsel, I instruct you not
17 to answer.
18 MR. SHORE: Chris Shore. Can we
19 get a clarification on that? Are you
20 instructing him not answer with
21 respect to communications that
22 occurred since he was retained by the
23 debtors in this case or this is only
24 with respect to the prior matter?
25 MR. GREEN: Only to the prior

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1 R. D'VARI
2 A. Pardon me? Can I take some time
3 to examine the document?
4 Q. Certainly you can.
5 A. Is there a date attached to this
6 document that I am not seeing?
7 Q. It would be in the last page. It
8 would be on page 13, December 12, 2012.
9 A. Okay. That's just around -- yep.
10 I see it.
11 Q. Okay.
12 MR. LAWRENCE: Dr. D'Vari, if
13 you have not seen this document, feel
14 free to review the document for as
15 long as you would like to review it.
16 THE WITNESS: Thank you so much.
17 A. I reserve the right to take time
18 to read it and when you present me with a
19 question.
20 Q. Of course. I would not -- I
21 would not object to that at all.
22 A. Let's continue on.
23 Q. So if you can please turn to
24 paragraph 12 on page 4 of this Affidavit.
25 A. Please ask your question.

8 (Pages 26 to 29)

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<p>1 R. D'VARI</p> <p>2 Q. It says here that "Lazard also</p> <p>3 reviewed runoff projections previously</p> <p>4 prepared by FGIC in consultation with its</p> <p>5 advisors, including Blackstone Advisory</p> <p>6 Partners LP, Blackstone, and stress case</p> <p>7 assumptions for FGIC's insured portfolio</p> <p>8 developed by NewOak Capital Investors LLC,</p> <p>9 NewOak an independent financial advisor</p> <p>10 retained by counsel to FGIC."</p> <p>11 Do you agree with the statement</p> <p>12 in this Affidavit that you -- strike that.</p> <p>13 Do you agree that you provided</p> <p>14 stress case assumptions for FGIC's insured</p> <p>15 portfolio?</p> <p>16 A. Yes, I do.</p> <p>17 Q. In connection with your retention</p> <p>18 with them?</p> <p>19 A. Based on this document, yes.</p> <p>20 Q. Was there anything else that FGIC</p> <p>21 asked you to do other than what's stated in</p> <p>22 the Miller Affidavit?</p> <p>23 A. It is confidential --</p> <p>24 MR. GREEN: I object to the</p> <p>25 question to the extent it is asking</p>	<p>1 R. D'VARI</p> <p>2 for work product or attorney/client</p> <p>3 communications.</p> <p>4 MR. CARNEY: I didn't ask that.</p> <p>5 I will repeat the question.</p> <p>6 Q. Was there anything else FGIC</p> <p>7 asked you to do other than what's stated in</p> <p>8 the Miller Affidavit?</p> <p>9 A. Our work under that contract is</p> <p>10 confidential. Therefore, I am not allowed to</p> <p>11 say -- I am not able to tell you anything</p> <p>12 more than what you already know.</p> <p>13 Q. So if -- so you won't answer</p> <p>14 anymore questions about your retention by</p> <p>15 FGIC?</p> <p>16 A. Not to the extent that it is in</p> <p>17 public or it's been put in our Declaration or</p> <p>18 you have available documents.</p> <p>19 MR. LAWRENCE: Just to be clear</p> <p>20 you're talking about a prior</p> <p>21 engagement with FGIC and FGIC's</p> <p>22 counsel is here and instructing</p> <p>23 Mr. D'Vari not to reveal those</p> <p>24 communications.</p> <p>25 MR. CARNEY: I assume that --</p>
Page 32	Page 33
<p>1 R. D'VARI</p> <p>2 MR. LAWRENCE: And Mr. D'Vari is</p> <p>3 following those instructions based on</p> <p>4 his obligations to FGIC.</p> <p>5 Q. Let me ask you: Are you</p> <p>6 following FGIC's counsel instructions not to</p> <p>7 answer?</p> <p>8 A. Correct.</p> <p>9 Q. Okay.</p> <p>10 MR. LAWRENCE: It is not the</p> <p>11 debtor's privilege to waive. Just to</p> <p>12 be clear. Nor Mr. D'Vari's.</p> <p>13 Q. Can you tell me if the work you</p> <p>14 did for FGIC was related to the ResCap</p> <p>15 bankruptcy?</p> <p>16 A. The answer is no.</p> <p>17 Q. In connection with paragraph,</p> <p>18 what's stated in paragraph 12 of the Miller</p> <p>19 Affidavit, did you or did your firm NewOak</p> <p>20 review the results of the analysis you</p> <p>21 provided with Lazard?</p> <p>22 A. Confidential. I am under -- I</p> <p>23 cannot make references or reveal any</p> <p>24 assignment within. I have been instructed by</p> <p>25 FGIC attorneys not to answer anything related</p>	<p>1 R. D'VARI</p> <p>2 to that.</p> <p>3 Q. I think you can answer -- I am</p> <p>4 not asking for the substance, I'm just asking</p> <p>5 if you reviewed the results with Lazard?</p> <p>6 MR. LAWRENCE: Objection; vague.</p> <p>7 I also object to this whole line of</p> <p>8 questioning as beyond the scope of</p> <p>9 Mr. D'Vari's opinions in this case.</p> <p>10 MR. SHORE: Can we get a</p> <p>11 clarification from FGIC's counsel?</p> <p>12 Are you directing him not to answer</p> <p>13 anything that calls for a confidence</p> <p>14 that FGIC controls even though we can</p> <p>15 designate it as Attorney's Eyes Only</p> <p>16 under the existing confidentiality</p> <p>17 stip and order?</p> <p>18 MR. GREEN: Will you repeat</p> <p>19 that?</p> <p>20 MR. SHORE: Sure. The</p> <p>21 confidential order and stip allows to</p> <p>22 have deposition transcripts sought</p> <p>23 designated as whatever we ended up</p> <p>24 with, highly confidential or</p> <p>25 Attorney's Eyes Only. We will happily</p>

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<p>1 R. D'VARI</p> <p>2 take that information subject to an</p> <p>3 Attorney's Eyes Only designation.</p> <p>4 MR. GREEN: I am objecting to</p> <p>5 the line of questioning as it's</p> <p>6 seeking information that's protected</p> <p>7 with, I believe a Confidentiality</p> <p>8 Agreement with the witness on a</p> <p>9 previous engagement and previous</p> <p>10 matter.</p> <p>11 MR. NAPOLI: This is Ed Napoli</p> <p>12 from NewOak Capital. I concur and I</p> <p>13 object also with any discussion of</p> <p>14 that as, again, touching upon</p> <p>15 confidential information.</p> <p>16 MR. SHORE: I'm just trying to</p> <p>17 get -- the confidential information is</p> <p>18 controlled by FGIC, right?</p> <p>19 MR. NAPOLI: We are party to</p> <p>20 that agreement and it is also our</p> <p>21 responsibility to protect and enforce</p> <p>22 that agreement. So I am concurring</p> <p>23 with FGIC's objection and adding</p> <p>24 NewOak's objection to it.</p> <p>25 MR. SHORE: That would be that</p>	<p>1 R. D'VARI</p> <p>2 notwithstanding the ability to</p> <p>3 designate it as Attorney's Eyes Only</p> <p>4 or highly confidential material you do</p> <p>5 not want to disclose to anybody?</p> <p>6 MR. NAPOLI: That's correct.</p> <p>7 BY MR. CARNEY:</p> <p>8 Q. And --</p> <p>9 A. I would like to take a quick</p> <p>10 break to consult my attorney.</p> <p>11 MR. CARNEY: Certainly.</p> <p>12 MR. LAWRENCE: There is no</p> <p>13 question pending.</p> <p>14 MR. CARNEY: If there is, I will</p> <p>15 ask it again. That's fine.</p> <p>16 (Whereupon, a recess was held.)</p> <p>17 A. Yes, please.</p> <p>18 BY MR. CARNEY:</p> <p>19 Q. I believe you testified earlier</p> <p>20 that your engagement with FGIC ended in, I</p> <p>21 believe it was late 2011; is that correct?</p> <p>22 A. Our last work was done around --</p> <p>23 end of 2011.</p> <p>24 Q. And I believe you testified that</p> <p>25 that work was done when you -- I believe you</p>
Page 36	Page 37
<p>1 R. D'VARI</p> <p>2 said the phrase was you completed your</p> <p>3 assignment; is that correct?</p> <p>4 MR. LAWRENCE: Objection.</p> <p>5 A. I believe that's what I said,</p> <p>6 yes. That's in the transcript.</p> <p>7 Q. And I also believe you testified</p> <p>8 after reviewing paragraph 12 of the Miller</p> <p>9 Affidavit, which I believe is marked as</p> <p>10 exhibit --</p> <p>11 A. 4.</p> <p>12 Q. -- 4, yes, thank you.</p> <p>13 That one of the things you did</p> <p>14 for FGIC was prepare runoff projections and</p> <p>15 stress case assumptions for FGIC's insured</p> <p>16 portfolio; is that correct?</p> <p>17 A. I don't believe I -- I don't</p> <p>18 recall saying that.</p> <p>19 Q. Well, let's take another look</p> <p>20 again at paragraph 12 of the Miller</p> <p>21 Affidavit.</p> <p>22 A. Sure.</p> <p>23 Q. You can just read it.</p> <p>24 A. Sure.</p> <p>25 Q. So do you believe that the</p>	<p>1 R. D'VARI</p> <p>2 description of at least one of the things</p> <p>3 that you did for FGIC in paragraph 12 is</p> <p>4 correct?</p> <p>5 MR. LAWRENCE: Objection; vague.</p> <p>6 A. As I highlighted the</p> <p>7 paragraph 12, I believe is correct.</p> <p>8 Q. In connection with what you --</p> <p>9 the work you did for FGIC, did you produce a</p> <p>10 written deliverable?</p> <p>11 A. Again, I think we are going into</p> <p>12 confidential matters. Anything related to</p> <p>13 that, unless -- I would like to ask you</p> <p>14 whether there is an objection to that.</p> <p>15 MR. LAWRENCE: It is FGIC's</p> <p>16 objection. So FGIC will object if</p> <p>17 they think that it goes beyond the</p> <p>18 bounds of what you can testify to with</p> <p>19 your relationship.</p> <p>20 Q. My question was, again, in</p> <p>21 connection with the work you did for FGIC,</p> <p>22 did you produce a written deliverable?</p> <p>23 MR. GREEN: The witness can</p> <p>24 answer that question with a yes or</p> <p>25 a no.</p>

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<p>1 R. D'VARI</p> <p>2 A. Yes.</p> <p>3 Q. Did that written deliverable</p> <p>4 contain runoff projections?</p> <p>5 MR. GREEN: I will object to the</p> <p>6 question to the extent it is seeking</p> <p>7 confidential and privileged</p> <p>8 information about a previous</p> <p>9 engagement that's not related to this</p> <p>10 deposition or this matter.</p> <p>11 MR. CARNEY: Are you instructing</p> <p>12 him not to answer that question?</p> <p>13 MR. GREEN: He can answer the</p> <p>14 question with a yes or a no.</p> <p>15 A. Please repeat the question.</p> <p>16 Q. Certainly. Did the written</p> <p>17 deliverable contain runoff projections?</p> <p>18 A. Yes.</p> <p>19 Q. Okay. And did that written</p> <p>20 deliverable contain stress case assumptions</p> <p>21 for FGIC's insured portfolio?</p> <p>22 A. Yes.</p> <p>23 Q. Did that written deliverable</p> <p>24 contain Base Case assumptions for FGIC's</p> <p>25 insured portfolio?</p>	<p>1 R. D'VARI</p> <p>2 A. Frankly, I don't recall.</p> <p>3 Q. Did that written --</p> <p>4 A. Let me -- most likely not but I</p> <p>5 don't remember.</p> <p>6 Q. Why would you say "most</p> <p>7 likely not"?</p> <p>8 MR. GREEN: I will object to</p> <p>9 this question to the extent it is</p> <p>10 seeking information about a previously</p> <p>11 engagement that's confidential.</p> <p>12 MR. CARNEY: Are you instructing</p> <p>13 him not to answer?</p> <p>14 MR. GREEN: To the he's going to</p> <p>15 reveal confidential information, yes.</p> <p>16 MR. LAWRENCE: I think he has</p> <p>17 already answered.</p> <p>18 Q. Let me ask the question again</p> <p>19 with that objection. My question was, did</p> <p>20 that written deliverable contain Base Case</p> <p>21 assumptions for FGIC's portfolio? You</p> <p>22 answered frankly, I don't recall. Then you</p> <p>23 said most likely not but I don't remember.</p> <p>24 And then I just asked you why</p> <p>25 would you say most likely not and we had</p>
Page 40	Page 41
<p>1 R. D'VARI</p> <p>2 Mr. Green interpose his objection, and I am</p> <p>3 asking you the question again. Why would you</p> <p>4 say that your written deliverable to FGIC</p> <p>5 most likely did not contain a Base Case</p> <p>6 assumption for FGIC's insured portfolio?</p> <p>7 A. I don't have any further comment.</p> <p>8 MR. GREEN: Same objection.</p> <p>9 MR. LAWRENCE: Let FGIC object,</p> <p>10 Dr. D'Vari.</p> <p>11 MR. GREEN: Same objection.</p> <p>12 A. I am being instructed not to</p> <p>13 answer.</p> <p>14 MR. CARNEY: Did you instruct</p> <p>15 him not to answer?</p> <p>16 MR. GREEN: To the extent it is</p> <p>17 revealing confidential information,</p> <p>18 yes. Or privileged information, yes.</p> <p>19 Q. And you believe my question</p> <p>20 implicates privileged and confidential</p> <p>21 information?</p> <p>22 A. I do believe.</p> <p>23 Q. As to why there is no Base Case</p> <p>24 scenario in your written to FGIC, correct?</p> <p>25 A. Correct.</p>	<p>1 R. D'VARI</p> <p>2 Q. Now, can you tell me whether your</p> <p>3 written deliverable contained anything other</p> <p>4 than runoff projections and stress case</p> <p>5 assumptions for FGIC's insured portfolio?</p> <p>6 MR. GREEN: I object to this</p> <p>7 questioning.</p> <p>8 MR. CARNEY: It is a yes or no</p> <p>9 question, anything other than.</p> <p>10 MR. GREEN: I object to the</p> <p>11 question.</p> <p>12 MR. CARNEY: Are you instructing</p> <p>13 him not answer?</p> <p>14 MR. GREEN: Yes.</p> <p>15 MR. CARNEY: You are instructing</p> <p>16 him not to answer, yes or no, whether</p> <p>17 or not his report to deliver to FGIC</p> <p>18 contained anything other than runoff</p> <p>19 projections and stress case</p> <p>20 assumptions for FGIC's insured</p> <p>21 portfolio? You won't let him answer</p> <p>22 yes or no to that question?</p> <p>23 MR. GREEN: Yes, I think that's</p> <p>24 requiring him to reveal confidential</p> <p>25 information about the previous</p>

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<p>1 R. D'VARI</p> <p>2 engagement. You have asked a number</p> <p>3 of questions like this and you are</p> <p>4 getting the same objection, yes.</p> <p>5 Q. Are you abiding by FGIC's counsel</p> <p>6 instruction not to answer?</p> <p>7 A. Yes.</p> <p>8 MR. LAWRENCE: It is improper to</p> <p>9 ask whether he is abiding by -- by a</p> <p>10 prior engagement where it is their</p> <p>11 privilege to waive to say to the</p> <p>12 witness are you abiding by it. If he</p> <p>13 is instructed not to answer by counsel</p> <p>14 in a prior engagement, he has to</p> <p>15 follow that. It is improper to ask</p> <p>16 him as if it is his choice.</p> <p>17 MR. CARNEY: I completely</p> <p>18 disagree with that but duly noted.</p> <p>19 MR. SHORE: As far as perfecting</p> <p>20 our objection and our right to seek</p> <p>21 discovery, are you saying that every</p> <p>22 time he is instructed not to answer,</p> <p>23 the witness is not going to answer and</p> <p>24 we don't have to follow-up?</p> <p>25 MR. LAWRENCE: It is not the</p>	<p>1 R. D'VARI</p> <p>2 debtor's privilege to waive. It is</p> <p>3 FGIC's privilege to waive. It is an</p> <p>4 unrelated matter.</p> <p>5 MR. SHORE: You're not answering</p> <p>6 my question. Every time he is</p> <p>7 instructed not to answer, do we need</p> <p>8 to follow-up with the perfection of</p> <p>9 our discovery objection by asking the</p> <p>10 witness are you going to follow that</p> <p>11 instruction? That's all.</p> <p>12 MR. LAWRENCE: You don't have to</p> <p>13 ask the witness whether he will follow</p> <p>14 the instruction. The witness is not</p> <p>15 going to disobey instructions from</p> <p>16 counsel.</p> <p>17 MR. SHORE: Thank you.</p> <p>18 BY MR. CARNEY:</p> <p>19 Q. This is another yes or no</p> <p>20 question, I want a yes or no answer. Did</p> <p>21 anyone within NewOak review the results of</p> <p>22 your written deliverable to FGIC with Lazard?</p> <p>23 MR. LAWRENCE: Objection. Vague</p> <p>24 as to time.</p> <p>25 Q. In late 2011.</p>
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<p>1 R. D'VARI</p> <p>2 MR. GREEN: Object to form.</p> <p>3 Q. You can answer.</p> <p>4 A. Please repeat the question again.</p> <p>5 Q. Did anyone within -- did you or</p> <p>6 anyone within NewOak review the results of</p> <p>7 your analysis related to runoff projections</p> <p>8 and the stress case assumptions for FGIC's</p> <p>9 insured portfolio with Lazard?</p> <p>10 A. Timeframe, please.</p> <p>11 Q. Late 2011.</p> <p>12 A. Yes.</p> <p>13 Q. Can you tell me with whom at</p> <p>14 Lazard?</p> <p>15 A. Confidential information.</p> <p>16 Q. Can you tell me whether it was</p> <p>17 with Michael Miller?</p> <p>18 A. Again, confidential information.</p> <p>19 MR. LAWRENCE: Again,</p> <p>20 Dr. D'Vari, that's FGIC's call as to</p> <p>21 what you can respond to and what you</p> <p>22 cannot.</p> <p>23 THE WITNESS: Sorry. I request</p> <p>24 that you actually repeat your</p> <p>25 objection and instruct me every time a</p>	<p>1 R. D'VARI</p> <p>2 question for a yes or no. Because I</p> <p>3 am under -- I am not going to be, just</p> <p>4 for your information, I am not going</p> <p>5 to, you know -- I am under</p> <p>6 confidential agreement. I am going to</p> <p>7 honor that and I just need to, as long</p> <p>8 as you are going down those questions,</p> <p>9 I would like to have for every</p> <p>10 question that is being asked, clarify</p> <p>11 whether I can answer yes or no.</p> <p>12 MR. GREEN: Can we take a break</p> <p>13 just to clear -- I need some</p> <p>14 clarification on this type of</p> <p>15 question?</p> <p>16 MR. LAWRENCE: Do you mind?</p> <p>17 MR. CARNEY: No.</p> <p>18 MR. LAWRENCE: Let's take a</p> <p>19 quick break.</p> <p>20 (Whereupon, a recess was held.)</p> <p>21 BY MR. CARNEY:</p> <p>22 Q. So before we took a break,</p> <p>23 Dr. D'Vari, I asked you whether anyone --</p> <p>24 whether anyone within NewOak reviewed the</p> <p>25 results of your analysis related to runoff</p>

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<p>1 R. D'VARI</p> <p>2 projections and the stress case assumption</p> <p>3 for FGIC's portfolio with Lazard, and I</p> <p>4 clarified the timeframe as late 2011, and you</p> <p>5 answered yes, such review did take place. I</p> <p>6 asked you with whom at Lazard and we went off</p> <p>7 the record. So --</p> <p>8 MR. LAWRENCE: I will object.</p> <p>9 If that's a question, I don't know if</p> <p>10 it was, but it is a very long compound</p> <p>11 question if it was one.</p> <p>12 MR. CARNEY: It was more of a</p> <p>13 narrative, so I can ask the question</p> <p>14 again.</p> <p>15 MR. LAWRENCE: Please ask a</p> <p>16 question.</p> <p>17 Q. I will start over. Did you or</p> <p>18 anyone within NewOak review the results of</p> <p>19 your analysis related to runoff projections</p> <p>20 and stress case assumptions for FGIC's</p> <p>21 insured portfolio with anyone at Lazard?</p> <p>22 MR. LAWRENCE: Objection. Asked</p> <p>23 and answered. Vague as to time.</p> <p>24 Q. In late 2011.</p> <p>25 MR. GREEN: I will let the</p>	<p>1 R. D'VARI</p> <p>2 witness answer who he may have spoken</p> <p>3 with but not what the substance of</p> <p>4 those conversations were.</p> <p>5 Q. Whom did you speak with,</p> <p>6 Dr. D'Vari?</p> <p>7 A. A team from Lazard on credit.</p> <p>8 Q. And who was on the team, do you</p> <p>9 recall?</p> <p>10 A. I think there was a litany of</p> <p>11 people.</p> <p>12 Q. Do you recall any names</p> <p>13 specifically?</p> <p>14 A. Not in particular.</p> <p>15 Q. Do you recall ever meeting with</p> <p>16 Michael Miller?</p> <p>17 A. Don't believe so.</p> <p>18 Q. Do you recall if anyone on your</p> <p>19 team ever met with Michael Miller?</p> <p>20 A. Personally recall? I don't</p> <p>21 necessarily know all the -- who people have</p> <p>22 met or not met. But I don't recall it</p> <p>23 specifically.</p> <p>24 Q. Do you have any reason to believe</p> <p>25 that someone on your team may have met with</p>
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<p>1 R. D'VARI</p> <p>2 Michael Miller?</p> <p>3 MR. LAWRENCE: Objection.</p> <p>4 Vague.</p> <p>5 A. That's speculation.</p> <p>6 Q. So you don't know if anyone on --</p> <p>7 at NewOak met with Michael Miller?</p> <p>8 A. Not aware of. More</p> <p>9 appropriately, I don't recall.</p> <p>10 Q. Do you know if the results of</p> <p>11 your -- the analysis you did for FGIC that we</p> <p>12 have been discussing, was considered in</p> <p>13 regard to the analysis in the Miller</p> <p>14 Affidavit conducted by Lazard?</p> <p>15 MR. GREEN: Objection to the</p> <p>16 form.</p> <p>17 Q. You can answer.</p> <p>18 A. I have no information past</p> <p>19 delivery of our services.</p> <p>20 Q. So just to clarify, you don't</p> <p>21 know what FGIC did with your report after you</p> <p>22 produced it to them?</p> <p>23 A. We are not a party to that.</p> <p>24 MR. CARNEY: Can we mark as</p> <p>25 Exhibit 5. This is your Declaration</p>	<p>1 R. D'VARI</p> <p>2 in connection with the 9019 motion.</p> <p>3 (Whereupon, D'Vari Exhibit 5,</p> <p>4 D'Vari Declaration Regarding 9019</p> <p>5 Motion was marked for identification</p> <p>6 as of this date by the Reporter.)</p> <p>7 A. Yes, I have read it.</p> <p>8 Q. Okay. Now, before we get into</p> <p>9 this Declaration, there was one other thing I</p> <p>10 wanted to clarify with respect to the Lazard</p> <p>11 analysis we have been talking about. When</p> <p>12 you were -- when you were producing your</p> <p>13 deliverable with respect to runoff</p> <p>14 projections and stress case assumptions for</p> <p>15 FGIC insured portfolio?</p> <p>16 A. You are referring back to</p> <p>17 Clause 12?</p> <p>18 Q. Yes. In connection with the work</p> <p>19 you performed for FGIC. Did you analyze any</p> <p>20 trusts that FGIC insured?</p> <p>21 MR. GREEN: Objection to the</p> <p>22 form and objection to the extent he is</p> <p>23 seeking confidential information about</p> <p>24 a previous confidential work you did</p> <p>25 for FGIC in a separate matter and</p>

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<p>1 R. D'VARI</p> <p>2 instruct you not to answer.</p> <p>3 Q. It is a yes or no question did</p> <p>4 you analyze trusts?</p> <p>5 MR. GREEN: I think answering</p> <p>6 yes or no is asking for that</p> <p>7 confidential information, so I</p> <p>8 instruct you not to answer.</p> <p>9 MR. LAWRENCE: It's FGIC's</p> <p>10 privilege to assert or not assert. So</p> <p>11 Dr. D'Vari will follow FGIC's</p> <p>12 instructions on that. He has to. He</p> <p>13 has no choice but to.</p> <p>14 Q. So looking at your Declaration,</p> <p>15 are you providing an opinion in connection</p> <p>16 with the debtor's 9019 motion to approve the</p> <p>17 ResCap, FGIC settlement agreement?</p> <p>18 A. I am providing opinion within --</p> <p>19 I have been instructed to calculate certain</p> <p>20 things and I have calculated irrespective of</p> <p>21 them.</p> <p>22 Q. Can you tell me what is the</p> <p>23 opinion that you provided ResCap?</p> <p>24 A. My opinion --</p> <p>25 MR. LAWRENCE: Objection.</p>	<p>1 R. D'VARI</p> <p>2 Vague.</p> <p>3 THE WITNESS: Sorry.</p> <p>4 MR. LAWRENCE: Objecting to the</p> <p>5 vagueness of the question.</p> <p>6 A. Please clarify.</p> <p>7 Q. What is your understanding -- I</p> <p>8 am asking you whether or not you are</p> <p>9 providing an opinion in connection with the</p> <p>10 debtor's 9019 motion?</p> <p>11 MR. LAWRENCE: Objection. Asked</p> <p>12 and answered.</p> <p>13 THE WITNESS: Sir?</p> <p>14 MR. LAWRENCE: I objected. It's</p> <p>15 already been asked and answered was my</p> <p>16 objection.</p> <p>17 Q. You can answer.</p> <p>18 A. I am providing opinions in the</p> <p>19 Declaration within the questions asked.</p> <p>20 Q. Okay. And what is your opinion</p> <p>21 that you are providing?</p> <p>22 MR. LAWRENCE: I object because</p> <p>23 it is a very vague question.</p> <p>24 A. It is a vague question. Be</p> <p>25 specific on the specific opinions.</p>
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<p>1 R. D'VARI</p> <p>2 Q. Well, you know it is your</p> <p>3 Declaration so in your Declaration, can you</p> <p>4 please point out where your opinions are</p> <p>5 expressed?</p> <p>6 A. Opinions are only expressed in</p> <p>7 our conclusions as well along the way about</p> <p>8 every question asked. So you are more than</p> <p>9 free to point to specifics and I will be able</p> <p>10 to answer very specifically.</p> <p>11 Q. Why don't we start out with</p> <p>12 describing for me the scope of your</p> <p>13 assignment then.</p> <p>14 A. Yes. I am here to offer you -- I</p> <p>15 was offering, essentially, answering to</p> <p>16 two questions. One, both related to a</p> <p>17 lifetime expected losses. One related to the</p> <p>18 collateral underneath certain trusts, and,</p> <p>19 second, was the lifetime losses related to</p> <p>20 certain -- the certificates that were not</p> <p>21 wrapped by FGIC.</p> <p>22 Q. Do you know -- strike that.</p> <p>23 So when you said that one of the</p> <p>24 questions you were asked to offer an opinion</p> <p>25 on was related to the collateral underneath</p>	<p>1 R. D'VARI</p> <p>2 certain trusts?</p> <p>3 MR. LAWRENCE: Objection.</p> <p>4 Q. What does "that" mean?</p> <p>5 MR. LAWRENCE: Objection.</p> <p>6 Misstates his testimony.</p> <p>7 MR. CARNEY: I read it verbatim.</p> <p>8 Q. What does "that" mean?</p> <p>9 A. I said lifetime collateral losses</p> <p>10 that are backing -- are underneath certain</p> <p>11 trusts.</p> <p>12 Q. Can you explain for me in greater</p> <p>13 detail what you did to do that?</p> <p>14 A. Are you asking us how -- how we</p> <p>15 analyzed and calculated lifetime expected</p> <p>16 losses?</p> <p>17 Q. Yes.</p> <p>18 A. I don't want to give you a very</p> <p>19 long answer. The bottom line is we calculate</p> <p>20 cash flows for the underlying mortgages going</p> <p>21 forward, that's the forecast element. But we</p> <p>22 also calculate losses that have already</p> <p>23 occurred with regard to the mortgages that</p> <p>24 are -- that were in the trust from the day of</p> <p>25 insurance to the date of the analysis.</p>

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<p>1 R. D'VARI</p> <p>2 Q. You said there were two parts to</p> <p>3 the questions you were asked to answer?</p> <p>4 A. Yes.</p> <p>5 Q. What is the second part?</p> <p>6 MR. LAWRENCE: Objection.</p> <p>7 Vague.</p> <p>8 But you can answer if you can.</p> <p>9 A. As I said, there were separate</p> <p>10 questions, unrelated questions. One relates</p> <p>11 to the collateral underneath the 47 trusts,</p> <p>12 and the second question is lifetime losses as</p> <p>13 it relates to the tranches or interest</p> <p>14 certificates. Certificate -- you know, the</p> <p>15 interest tranches, which as I highlighted by</p> <p>16 CUSIPS, that are not wrapped by FGIC. In</p> <p>17 both cases the, the question is lifetime</p> <p>18 losses. One is the collateral and for life.</p> <p>19 Q. Do you know why you're asked to</p> <p>20 prepare your opinion?</p> <p>21 MR. LAWRENCE: Objection.</p> <p>22 To the extent that you can</p> <p>23 answer that question without revealing</p> <p>24 communications with counsel, you can.</p> <p>25 You can testify as to things you were</p>	<p>1 R. D'VARI</p> <p>2 asked to assume but not the why as to</p> <p>3 why you were doing what you were</p> <p>4 doing.</p> <p>5 A. That was really not my role to</p> <p>6 really get involved with entire, but it is in</p> <p>7 support as it is declared in relationship to</p> <p>8 a motion that is in paragraph 1.</p> <p>9 Q. And who gave you the issues that</p> <p>10 you were to address in your Declaration?</p> <p>11 A. Morrison.</p> <p>12 Q. And can you tell me what they</p> <p>13 told you the issues that they wanted you to</p> <p>14 address?</p> <p>15 A. I think it is very specific in</p> <p>16 paragraph 2 in my Declaration.</p> <p>17 Q. Can you point me to that?</p> <p>18 A. Paragraph 2, which is I offer</p> <p>19 this Declaration to opine on, one, lifetime</p> <p>20 expected collateral losses. Would you rather</p> <p>21 me to verbatim?</p> <p>22 Q. No, no, you can point me.</p> <p>23 A. All the issues -- all the nature</p> <p>24 of my Declaration is limited and contained in</p> <p>25 paragraph 2. So that's the scope. That's</p>
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<p>1 R. D'VARI</p> <p>2 really what I am here to opine on. To</p> <p>3 describe.</p> <p>4 Q. So the lifetime expected</p> <p>5 collateral losses of the RMBS trusts</p> <p>6 referenced in Exhibit B to the FGIC ResCap</p> <p>7 settlement agreement and the extent of any</p> <p>8 quote past or future loss to holders of</p> <p>9 securities issued by the FGIC insured trusts</p> <p>10 not insured by FGIC; is that correct?</p> <p>11 A. Correct.</p> <p>12 Q. I see that you have quotes around</p> <p>13 some of the phrasing in Clause 2.</p> <p>14 A. Um-hum.</p> <p>15 Q. Where is that language coming</p> <p>16 from?</p> <p>17 A. The language itself?</p> <p>18 Q. Yes, the quote "any past or</p> <p>19 future losses to holders of securities,</p> <p>20 bracket, issued by the FGIC insured trust,</p> <p>21 close bracket, not insured by, bracket, FGIC,</p> <p>22 close bracket, comma, close quote." Where is</p> <p>23 that language from?</p> <p>24 A. The language itself?</p> <p>25 Q. Yes. It is quoted so I assume it</p>	<p>1 R. D'VARI</p> <p>2 is not yours.</p> <p>3 A. Frankly, I don't recall why the</p> <p>4 quotes are in there or the brackets at the</p> <p>5 moment.</p> <p>6 Q. Now, other than what's in your</p> <p>7 Declaration, is it true -- is it correct that</p> <p>8 you have no other opinions with respect to</p> <p>9 the debtor's 9019 motion?</p> <p>10 A. Correct.</p> <p>11 Q. And you have no other opinions</p> <p>12 with respect to the 9019 motion, correct?</p> <p>13 A. Correct.</p> <p>14 Q. Are all the bases of your</p> <p>15 Declaration fairly and accurately set forth</p> <p>16 in your Declaration?</p> <p>17 A. Correct.</p> <p>18 Q. Do you know, to your knowledge,</p> <p>19 were the results of the analysis in your</p> <p>20 Declaration used in support of or as</p> <p>21 reference with any other analysis or support?</p> <p>22 MR. LAWRENCE: Objection; vague.</p> <p>23 A. I don't -- the Declaration is</p> <p>24 what it is.</p> <p>25 Q. But you don't know if it's been</p>

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1 R. D'VARI
2 used?
3 A. I've not been privileged for
4 that.
5 Q. Can you describe for me how
6 materials were provided to you in connection
7 with the preparation of your Declaration?
8 A. Please clarify.
9 Q. What sources did you use for your
10 Declaration?
11 A. The sources were the trusts
12 themselves, essentially, we were given the
13 name of the trusts and we were also provided
14 and confirmed the tranches were -- which
15 tranches were wrapped and which tranches were
16 not wrapped. That's really the extent of
17 what we really relied on.
18 Q. And can you point me in your
19 Declaration to the trust that you analyzed?
20 A. Let me identify the page for you,
21 the table.
22 Q. Sure.
23 A. Yes, there is Schedule 1.
24 Q. Okay. So Schedule 1 represents
25 all of the trusts that you analyzed; is that

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1 R. D'VARI
2 deliverable, did you analyze or consider any
3 of the trusts listed on Schedule 1 to your
4 Declaration here?
5 MR. GREEN: I am going to object
6 to that question and answering yes or
7 no is going to ask the witness to
8 reveal confidential information about
9 a previous matter. I think we have he
10 harped on this over and over again, so
11 I am renewing my objection.
12 MR. SHORE: I would make a
13 request on the record that FGIC
14 reconsider the objection, which
15 essentially is instructing the witness
16 not to answer whether he had, in
17 performing work for the debtors with
18 respect to certain trusts on behalf of
19 the debtors, had previously done work
20 for FGIC is on the other side of the
21 settlement with respect to the very
22 same trust. So please reconsider and
23 either allow the witness to answer now
24 or allow him to answer later. We
25 certainly think it is highly relevant

1 R. D'VARI
2 correct?
3 A. Correct.
4 Q. Okay. Are these all what you
5 defined to be FGIC insured trusts?
6 A. Yes. The definition is -- the
7 trust, of course, not to be interpreted that
8 the trust itself was insured, but there were
9 tranches within those trusts that were
10 insured.
11 Q. I understand. And who provided
12 you with the trusts that you were to analyze?
13 A. Morrison.
14 Q. And what other materials did you
15 consider in forming your Declaration?
16 A. Broad question but I will answer.
17 Primarily Intech. We also used MBS data,
18 which is -- MBS data. We then use our own
19 economic forecasts.
20 Q. Before we go into the
21 Declaration, I want to ask you to circle back
22 for a bit to the questions about your work
23 for FGIC. In your deliverable to FGIC that
24 we were discussing, did any part of -- the
25 analysis you did in any part of that

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2 information for the purposes of
3 determining, among other things, the
4 credibility of the witness.
5 MR. BAIO: We join in that.
6 MR. GREEN: The question is
7 about previous work that the witness
8 did for FGIC that is covered by a
9 Confidentiality Agreement, and I don't
10 have authority to permit him to
11 testify about substance of his work.
12 MR. SHORE: When would you be
13 able to get that authority?
14 MR. CARNEY: Do you want to see
15 if you can get that authority in a
16 break?
17 MR. GREEN: When we have a break
18 later today, I will check.
19 MR. CARNEY: While we are on the
20 question. How long would it take you
21 to check?
22 MR. GREEN: There is a hearing
23 going on in this matter right now. So
24 that might cause some limitations.
25 But I will check at the next break.

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2 MR. CARNEY: All right.

3 MR. SHORE: Just to be clear for
4 the record, we are not closing the
5 deposition until we get the answer to
6 that question.7 MR. LAWRENCE: And you have the
8 debtor's objection to that, to not
9 closing the deposition.10 MR. SHORE: Then I guess what we
11 will do is why don't we continue on,
12 and then, if we don't have an answer
13 from FGIC, we will go to the court
14 prior to the close of the deposition
15 and get the court's views with respect
16 to whether or not the witness can
17 answer at least at this point on an
18 Attorney's Eyes Only bases such that
19 we can address the confidentiality at
20 a later date.21 MR. LAWRENCE: Just for the
22 debtor's perspective, Mr. D'Vari is
23 here to talk about his Declaration in
24 connection -- his opinions in
25 connection with this matter. That's

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2 of questioning, but if you want to
3 waste your time asking him about
4 something that has nothing to do with
5 his opinions, go right ahead.6 MR. CARNEY: I think that if he
7 analyzed the same trust he is
8 analyzing here and they were analyzed
9 differently or even the same in a
10 different engagement, I think that's
11 highly relevant, but I think we will
12 keep this question open until late in
13 the deposition when Mr. Green can see
14 what authority he can or can't get.
15 So we will move on at this point, but
16 obviously, we will come back to this
17 later.18 MR. LAWRENCE: Ask him whether
19 he considered any prior work in
20 connection with his opinions here.

21 MR. CARNEY: Let's just move on.

22 MR. LAWRENCE: You don't want to
23 ask that question. I understand.24 MR. CARNEY: I might ask it
25 later.

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1 R. D'VARI

2 an unrelated matter. No one has even
3 asked him whether he looked at that
4 prior work in connection with this
5 opinion.6 MR. CARNEY: I completely
7 disagree.8 MR. SHORE: Let me ask this
9 though. Because the debtors are
10 trying to say it is a FGIC issue. Is
11 it the debtor's position that they
12 don't know whether Mr. D'Vari did work
13 for FGIC on the very same trusts that
14 they have retained this witness to
15 provide expert testimony on?16 MR. LAWRENCE: It is debtor's
17 position this is completely unrelated
18 to his opinions.19 MR. SHORE: Does that mean you
20 know or does that mean you don't know?21 MR. LAWRENCE: It is completely
22 unrelated to his opinions, Chris.

23 MR. CARNEY: I disagree.

24 MR. LAWRENCE: If we have a
25 standing objection to this whole line

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1 R. D'VARI

2 MR. SHORE: I will take it out
3 of turn and ask the question, if you
4 want me to.

5 THE WITNESS: Please.

6 MR. SHORE: Go ahead. I got my
7 list. I will get to it later.8 MR. LAWRENCE: No one wants to
9 ask the question.10 MR. SHORE: I don't have -- it
11 is out of deference.12 THE WITNESS: I will call my
13 secretary and cancel my matinee.

14 MR. LAWRENCE: Go ahead.

15 BY MR. CARNEY:

16 Q. Did you consider any prior work
17 in connection with your opinions here?

18 A. No.

19 MR. SHORE: Did your team?

20 Q. Did your team?

21 A. No.

22 Q. Have you ever analyzed any of
23 these trusts before on Schedule 3 in
24 connection with any other -- any other -- at
25 any other time, other than in this engagement

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1 R. D'VARI

2 with ResCap?

3 MR. GREEN: I am going to object
4 to that question. If it is asking
5 about his previous work for FGIC on a
6 separate matter, that's confidential.

7 MR. CARNEY: I am asking if he
8 ever, in any capacity before you get
9 your authority or not, I am asking if
10 him ever analyzed the trusts in any
11 capacity before. It is a yes or no.

12 MR. GREEN: Other than his
13 previous work for FGIC?

14 MR. SHORE: I think a yes or no
15 answer will not reveal if it had been
16 done for FGIC.

17 MR. GREEN: If it was only for
18 previous work for FGIC, yes, it will
19 reveal the answer for that. Logically
20 it would.

21 MR. CARNEY: Logically, I am
22 asking if he ever looked at these
23 before in connection with any other
24 engagement. That's all I want to know
25 right now.

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1 R. D'VARI

2 open issue we have asked about at the
3 next break. But to the extent this
4 question is asking about his previous
5 work for FGIC and it is confidential,
6 I ask the witness not answer it.

7 BY MR. CARNEY:

8 Q. Other than what you may have
9 looked at in your engagement with FGIC, have
10 you ever analyzed these trusts before in any
11 other capacity?

12 A. The answer is I don't actually
13 remember at this point, and when you say we
14 or me, it also involved my team. And I don't
15 have that information being able to clearly
16 answer yes or no.

17 Q. So as you sit here today, do you
18 personally recall, other than with respect to
19 your engagement with ResCap and perhaps with
20 FGIC, do you personally recall ever analyzing
21 these trusts before in any prior engagement?

22 MR. LAWRENCE: Asked and
23 answered.

24 MR. GREEN: Object to the form.

25 MR. LAWRENCE: But you can

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1 R. D'VARI

2 MR. GREEN: Other than his
3 previous work for FGIC.

4 MR. CARNEY: I didn't say --

5 MR. GREEN: Otherwise you are
6 asking the same question you are just
7 broadening the universe of what you
8 are looking at.

9 MR. CARNEY: I am asking a
10 legitimate question about whether he
11 looked at these before. If he is not
12 going to answer, that's fine. But I
13 think that's highly out of line for
14 you to instruct him not answer a
15 question that doesn't involve FGIC as
16 it's been asked.

17 MR. LAWRENCE: Mr. Carney, I
18 think you are asking the same question
19 and it is, we shouldn't have these
20 lengthy dialogues. It is wasting
21 time. If FGIC believes you are asking
22 the same question and instructing him
23 not to answer, Mr. D'Vari will follow
24 their instructions on that.

25 MR. GREEN: I will check on the

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1 R. D'VARI

2 answer. You already have.

3 A. I already said I don't
4 particularly recall that this work -- this
5 set of securities had been looked at in other
6 matters or not.

7 Q. Do you have a general idea?

8 MR. LAWRENCE: Objection.

9 A. As I said, you are asking a very
10 specific question there could be one of these
11 that we have looked at in another matter.
12 Could have been five of them. Could have
13 been six of them. So the answer is I cannot
14 answer specifically to that.

15 Q. So if you reviewed this list in
16 Schedule 3, sorry, Schedule 1?

17 A. Yes.

18 Q. Although you may have analyzed
19 these before, you can't tell me definitely
20 whether or not; is that correct?

21 A. There is 106 or 7, I don't
22 exactly recall specific tranches involved
23 here. And we are a firm that analyzed things
24 daily for large financial institutions in
25 relationship to legal and non-legal matters.

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<p>1 R. D'VARI</p> <p>2 So I would not be able to tell you whether we</p> <p>3 have or not because then I would be perjuring</p> <p>4 myself if I answered.</p> <p>5 Q. So you don't know?</p> <p>6 A. I don't know.</p> <p>7 MR. CARNEY: I want to take a</p> <p>8 quick break for a couple of minutes,</p> <p>9 if that's all right.</p> <p>10 MR. LAWRENCE: That's fine</p> <p>11 with us.</p> <p>12 (Whereupon, a recess was held.)</p> <p>13 BY MR. CARNEY:</p> <p>14 Q. I would like to -- going to ask</p> <p>15 you a question I previously asked again, and</p> <p>16 based on discussion I had with FGIC counsel,</p> <p>17 and if you would look at Schedule 1 to your</p> <p>18 Declaration again.</p> <p>19 A. Sure. Did you analyze any of</p> <p>20 these trusts on Schedule 1 in connection with</p> <p>21 the deliverable you produced to FGIC that we</p> <p>22 discussed earlier?</p> <p>23 MR. GREEN: The witness can</p> <p>24 answer that question with a yes or</p> <p>25 a no.</p>	<p>1 R. D'VARI</p> <p>2 A. Yes.</p> <p>3 Q. Can you tell me which ones?</p> <p>4 MR. GREEN: You can answer that</p> <p>5 question.</p> <p>6 A. All of them.</p> <p>7 Q. All of them?</p> <p>8 A. Only -- of the trusts themselves</p> <p>9 or the tranches? Yes, we have looked at all</p> <p>10 of these. But not as it relates to</p> <p>11 Question 1. But, again, the answer is all of</p> <p>12 them as far as looking at bonds -- I have to</p> <p>13 be very careful. The Question 1 is not</p> <p>14 really relates to that assignment. What we</p> <p>15 are talking about is our work is tranche</p> <p>16 based.</p> <p>17 Q. Okay. So --</p> <p>18 A. Did we look at these trusts, all</p> <p>19 of these trusts were looked at.</p> <p>20 Q. Okay. If you turn to Schedule 3</p> <p>21 of your Declaration.</p> <p>22 A. Yes.</p> <p>23 Q. Could you describe for me what is</p> <p>24 on Schedule 3 of your Declaration?</p> <p>25 A. It lists the tranches of the FGIC</p>
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<p>1 R. D'VARI</p> <p>2 trusts. Again, clarify, FGIC trusts means</p> <p>3 that they wrapped one or all of the tranches</p> <p>4 or anywhere in between and the list of the</p> <p>5 actual tranches that were wrapped by FGIC</p> <p>6 within those 47 specific trusts are listed in</p> <p>7 Schedule 3.</p> <p>8 Q. In connection with your</p> <p>9 deliverable we have been discussing to FGIC,</p> <p>10 did you analyze any of the FGIC wrapped bonds</p> <p>11 on Schedule 3?</p> <p>12 MR. GREEN: The witness can</p> <p>13 answer with a yes or a no.</p> <p>14 A. Yes.</p> <p>15 Q. Which ones?</p> <p>16 A. My guess is all of them, but I</p> <p>17 haven't double checked.</p> <p>18 Q. Let's turn back to page 1 of your</p> <p>19 Declaration. In paragraph 2, when you</p> <p>20 describe the FGIC Insured Trusts, are you</p> <p>21 specifically referring to the securities that</p> <p>22 have monoline insurance policies covering</p> <p>23 losses or are you referring to the entire</p> <p>24 trust?</p> <p>25 A. Question 1 refers to trusts</p>	<p>1 R. D'VARI</p> <p>2 themselves. And no specific tranche</p> <p>3 specifically. It's a whole different</p> <p>4 question.</p> <p>5 Q. Right. So while a certain</p> <p>6 tranche of bonds in that trust may be</p> <p>7 insured, the entire trust is not; is that</p> <p>8 correct?</p> <p>9 A. Correct. In some cases. Well,</p> <p>10 in no cases trusts are insured. But there</p> <p>11 could be situations where all bonds,</p> <p>12 certificates that are issued are insured.</p> <p>13 Q. I understand. For your</p> <p>14 historical loss information, did you rely --</p> <p>15 what sources of information did you rely</p> <p>16 upon?</p> <p>17 A. Primarily Intex and -- Intex.</p> <p>18 Would you like me to define it?</p> <p>19 Q. No. Any other vendors, any other</p> <p>20 sources?</p> <p>21 A. Intex.</p> <p>22 Q. If you look back again at what we</p> <p>23 marked previously as Exhibits 1, 2 and 3.</p> <p>24 A. Exhibit 1, okay.</p> <p>25 Q. Take Exhibits 1, 2 and 3 as a</p>

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<p>1 R. D'VARI</p> <p>2 whole.</p> <p>3 A. Okay.</p> <p>4 Q. Now, do these represent the</p> <p>5 underlying analysis, what you did that</p> <p>6 supports the underlying analysis in your</p> <p>7 Declaration?</p> <p>8 A. Correct.</p> <p>9 Q. Is there any -- are there any</p> <p>10 other documents that you have other than</p> <p>11 these three, what's contained in these</p> <p>12 three exhibits that would represent what you</p> <p>13 did as part of the underlying analysis to</p> <p>14 your Declaration?</p> <p>15 A. The answer is this is</p> <p>16 substantially what we rely on to do the</p> <p>17 analysis. But there are certain parameters</p> <p>18 in here that, for example, that home pricing</p> <p>19 index, that's an import that is derived by</p> <p>20 NewOak and so this is not something that</p> <p>21 we -- it is relied on for further analysis</p> <p>22 but this is our output.</p> <p>23 Q. Okay. So just to be clear, the</p> <p>24 first part of your analysis, the lifetime</p> <p>25 expected collateral losses?</p>	<p>1 R. D'VARI</p> <p>2 MR. LAWRENCE: Objection.</p> <p>3 Assumes facts not in evidence.</p> <p>4 MR. CARNEY: I will withdraw the</p> <p>5 question.</p> <p>6 Q. So for historical loss</p> <p>7 information, you relied only on Intex; is</p> <p>8 that correct?</p> <p>9 A. Correct.</p> <p>10 Q. So can you tell me why you</p> <p>11 divided your Declaration into two parts?</p> <p>12 A. Because the questions --</p> <p>13 MR. LAWRENCE: Objection.</p> <p>14 A. The questions are in two parts.</p> <p>15 Q. Those were the questions</p> <p>16 presented to you; is that correct?</p> <p>17 A. Correct.</p> <p>18 Q. Can you tell me how you</p> <p>19 calculated the cumulative collateral losses?</p> <p>20 A. To what extent?</p> <p>21 Q. Turn to page 6.</p> <p>22 MR. LAWRENCE: Page 6 of what?</p> <p>23 MR. CARNEY: Of his Declaration.</p> <p>24 A. Yes.</p> <p>25 Q. In paragraph 18 you write "It is</p>
Page 76	Page 77
<p>1 R. D'VARI</p> <p>2 determined the total lifetime expected</p> <p>3 collateral losses for each of the 47 FGIC</p> <p>4 Insured Trusts" --</p> <p>5 A. Just one second. Sorry which</p> <p>6 page?</p> <p>7 Q. Page 6 of your Declaration, which</p> <p>8 I believe is Exhibit 4.</p> <p>9 A. I got it.</p> <p>10 Q. It is paragraph 18.</p> <p>11 A. Yep.</p> <p>12 Q. And paragraph 18 reads that "to</p> <p>13 determine the total lifetime expected</p> <p>14 collateral losses for each of the 47 FGIC</p> <p>15 Insured Trusts, my analysis is divided into</p> <p>16 two parts."</p> <p>17 A. Correct.</p> <p>18 Q. "One, cumulative collateral loss</p> <p>19 up to the analysis date plus forecasted</p> <p>20 future collateral losses." My question is,</p> <p>21 how did you calculate the cumulative</p> <p>22 collateral losses up to the analysis date in</p> <p>23 Clause 1?</p> <p>24 A. That is as reported by the</p> <p>25 trustee, collected by Intex, and effectively</p>	<p>1 R. D'VARI</p> <p>2 reads presenting that back to -- so those are</p> <p>3 the actual numbers reported to trustee.</p> <p>4 Trustee reports are used by Intex and Intex</p> <p>5 reports those numbers.</p> <p>6 Q. So this number is directly pulled</p> <p>7 from Intex; is that correct?</p> <p>8 A. Correct. By running an analysis.</p> <p>9 Essentially factual information that has</p> <p>10 occurred and reported by Intex.</p> <p>11 Q. So in your work papers, have you</p> <p>12 presented the settings and assumptions you</p> <p>13 used in pulling those cumulative collateral</p> <p>14 losses from Intex?</p> <p>15 MR. KAUFMAN: Objection to form.</p> <p>16 MR. LAWRENCE: Objection. Lacks</p> <p>17 foundation.</p> <p>18 You can answer.</p> <p>19 A. There is no really setting</p> <p>20 required. Those are numbers, again, that</p> <p>21 part of the analysis is fairly factual and</p> <p>22 so -- and it is effectively pulling data out</p> <p>23 of the database and reporting it in an Excel</p> <p>24 output.</p> <p>25 Q. So it is an objective number?</p>

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<p>1 R. D'VARI</p> <p>2 A. It is an objective number. So</p> <p>3 that means it doesn't really matter who</p> <p>4 actually pulls that number. It is what it</p> <p>5 was there as of the analysis date.</p> <p>6 Q. When you calculated those</p> <p>7 cumulative collateral losses -- strike that.</p> <p>8 Did you review the historical</p> <p>9 FGIC wrapped -- the losses on the FGIC</p> <p>10 wrapped securities in conjunction with the</p> <p>11 historical collateral losses on the FGIC</p> <p>12 Insured Trusts?</p> <p>13 A. Sorry, are we back on my</p> <p>14 Declaration?</p> <p>15 Q. Yes, on your Declaration.</p> <p>16 A. Review historical losses on the</p> <p>17 trusts?</p> <p>18 Q. Did you review -- let me rephrase</p> <p>19 that.</p> <p>20 Did you review the historical</p> <p>21 bond losses on the FGIC wrapped tranches, the</p> <p>22 FGIC wrapped bonds, did you review those</p> <p>23 separately from the historical collateral</p> <p>24 losses on the FGIC Insured Trusts themselves?</p> <p>25 A. That's not part of the question</p>	<p>1 R. D'VARI</p> <p>2 within -- we did not look at the FGIC wrapped</p> <p>3 bonds in this analysis. Bonds are different</p> <p>4 than trusts.</p> <p>5 Q. Right. But with respect to the</p> <p>6 trusts, you didn't do an analysis of the FGIC</p> <p>7 Insured Trusts and separate out from that</p> <p>8 analysis an analysis of the FGIC wrapped</p> <p>9 bonds; is that correct?</p> <p>10 A. Had that number come out of, for</p> <p>11 example, the analysis when you are running</p> <p>12 the trust, we didn't look at those as --</p> <p>13 because it was not part of our exercise. It</p> <p>14 may have been a byproduct of analysis. I</p> <p>15 don't quite -- that's not something that I</p> <p>16 either focused nor cared about at that point.</p> <p>17 Q. Okay. And that was, again,</p> <p>18 because that wasn't part of the scope of your</p> <p>19 assignment; is that correct?</p> <p>20 A. This is a very specific</p> <p>21 assignment with very specific requests.</p> <p>22 Q. Okay. Now, if you look at</p> <p>23 paragraph 20 of your Declaration, you, the</p> <p>24 last sentence of that paragraph reads that</p> <p>25 "The aggregate cumulative collateral losses</p>
Page 80	Page 81
<p>1 R. D'VARI</p> <p>2 for the FGIC Insured Trusts are</p> <p>3 \$3,670,792,103." Do you see that?</p> <p>4 A. Sorry, you are referring to</p> <p>5 paragraph 20?</p> <p>6 Q. Paragraph 20, last sentence.</p> <p>7 MR. LAWRENCE: On page 7.</p> <p>8 Q. It is on page 6.</p> <p>9 A. Yes, the aggregate, yes, that's</p> <p>10 our number.</p> <p>11 Q. And that number, again, that's</p> <p>12 pulled directly from Intex; is that correct?</p> <p>13 A. Correct. You won't pool that</p> <p>14 number. You have to get it from individual</p> <p>15 trusts and you need to perform summation to</p> <p>16 get to those numbers. And there may be some</p> <p>17 multiplications involved as well. It depends</p> <p>18 on the balance and things of that nature.</p> <p>19 Q. But the underlying data is</p> <p>20 generated by Intex?</p> <p>21 A. There are no assumptions built</p> <p>22 into that.</p> <p>23 Q. Okay. It is an objective number?</p> <p>24 A. It is an objective number.</p> <p>25 Q. Can you tell me in the next</p>	<p>1 R. D'VARI</p> <p>2 section beginning with paragraph 22 on page 7</p> <p>3 how did you calculate future collateral</p> <p>4 losses?</p> <p>5 A. That involves, essentially, using</p> <p>6 NewOak expected -- NewOak analysis of the --</p> <p>7 do you want me to get into details? We</p> <p>8 essentially run forecast cash flows on</p> <p>9 those -- and then I use Intex. We use Intex</p> <p>10 and RMBS data and our assumptions to get to</p> <p>11 the forecast numbers.</p> <p>12 Q. Well, let's back up. If you look</p> <p>13 at paragraph 22, the first sentence. You say</p> <p>14 that -- that you and your team of experienced</p> <p>15 analysts acting under your supervision</p> <p>16 applied NewOak's RMBS Analysis Methodology.</p> <p>17 A. Correct.</p> <p>18 Q. Is that correct?</p> <p>19 So my next question is what is</p> <p>20 NewOak's RMBS Analysis Methodology and how</p> <p>21 does it work, can you please explain that</p> <p>22 to me?</p> <p>23 A. Sure. Starts out with macro</p> <p>24 assumptions that are highlighted in</p> <p>25 Exhibit 1. Those are then translated to what</p>

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Intex expects as of the analysis date forward looking, voluntary prepayments, forward looking essentially default rates and forward looking severities combined with interest, term structure as of time of analysis.

Q. Is that analysis that you just described for me, is that a standard analysis?

A. That is a -- for NewOak?

Q. No, for RMBS. Would other people -- other participants in your industry, would that be an analysis they would use in looking at the questions you were asked to evaluate in your Declaration?

A. Yes.

Q. Are there other methodologies that are commonly accepted in your industry that others use?

A. With regard to the tools?

Q. Pardon me?

A. As regard to the tools used?

Q. Well, no. You said that you have -- you used NewOak's RMBS Analysis Methodology?

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A. Right.

Q. You said, I believe, that it is -- that would be standard methodology in the industry, correct?

A. In its form, correct.

Q. Yes. Are there other -- my question is, are there other methodologies that differ from that that are also standard in the industry?

A. My answer to that would be probably not.

Q. Okay.

A. Again, varies in details but -- and the shape and their form is effectively predicting collateral prepayments, collateral defaults, collateral severity rates, converting those to -- in this particular case, you are looking at the underlying collateral itself not necessarily the tranches. And that would be standard.

Q. Now, when you say that "NewOak's RMBS Analysis Methodology considers information, relies upon assumptions customarily employed by market participants."

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R. D'VARI

I believe that's the first of paragraph 23. And that you next go on to write that your "information is culled from a wide variety of internal and external sources."

Can you tell me what information is -- well, first of all, can you tell me what assumptions customarily employed by market participants do you use in NewOak's RMBS market methodology?

A. Again, it varies in form. Typically in the marketplace. But you have voluntary prepayment, voluntary default rates, and severities and various people use different ways to get to those forward looking assumptions. And, but at the end of the day if you are going -- if Intex is your primary tool, which Intex is by far one of the most widely used tools for analyzing RMBS, then you have to be able -- you have to put in those inputs. Whether they are provided in a vector form or provided in a constant vector or effectively trying to get at ultimate cum loss, and that varies in terms of resolution but it doesn't vary in

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form.

Q. So are those inputs or settings that you use, are those identified in your work papers?

A. Correct, they are. If you allow me, I can specifically point to it.

Q. Please do.

A. There are, in Exhibit 3, and the information, again, repeatedly are done for -- let me actually see whether -- there are two dates, but ultimately, they apply to, as relative to the trust that they are in. So a trust may have multiple tranches, but the same assumption will be used for every single bond within that trust and they would be under -- there are no column headings. I mean the Column A, B, C, D. But there is a prepay rate default and those would be numbers that you can see. Vector -- they are not printed fully here but would be provided in Excel sheet format.

Q. Right. I understand. Are there any assumptions that were used that are not reported in your work papers?

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R. D'VARI

A. No. I think we have highlighted our macro. We have highlighted specific run, which is, that's Exhibit 2, actually, that use those ultimately, the information that is provided in Exhibit 3, that goes into. The interest rate is obviously, if you run Intex with these inputs, you should be able to get similar answers.

Q. So can you explain for me just what a group vector set is?

A. Each trust has multiple groups of loans that are different. And those groups -- some trusts only have one group. Some may have two. Some may have three. We are identifying the number of groups within -- I think it was the first, you know, within the trust we have identified. If you want to take -- give me one second.

Q. Sure.

A. You will have in Schedule 1, Exhibit 5, the number of collateral groups are identified. So, and you would identify vectors for those groups and you apply them.

Q. So I suppose in layman's terms,

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each tranche is backed by its own certain kind of collateral and you use different assumptions to approximate the loss on each type of collateral?

A. If necessary.

Q. Why would that be necessary versus why wouldn't it be necessary?

MR. LAWRENCE: Objection; vague.

A. Why would they have -- the different groups would have different assumptions you mean?

Q. Yes.

A. Potentially, because they may have different characteristics. But there are two ways to get to the final number. One is make the Group 1 and Group 2 match, and then second thing is you are actually measuring total pool performance because that's the historical on progression you have is the total pool. So in -- the alternatives do that. You can actually apply Group 1 and Group 2 as being the future forecast or you can run them together or use identical numbers. But make sure that you are blending

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R. D'VARI

CPR, CDR, VDR is actually representative of the total pool. So different levels of assumptions.

Q. In paragraph 26 of your Declaration on page 8, you mention -- you mention the steps that you undertake to calculate your forecasts represented in these group vectors. In Item 4, adjustment of projections for macroeconomic factors.

A. Correct. You are under 25?

Q. 26. 26, subparagraph -- I guess Item 4.

A. Sure.

Q. What macroeconomic factors are considered or do you consider?

A. I think those are provided in Exhibit 1, which is a product of our credit committee that produces effectively what we believe the most important factors for RMBS. We believe home price indices going forward affects different pools in different ways in different times and those are provided. Then there is also unemployment, because ultimately, unemployment relates to

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R. D'VARI

performance of mortgages in general, the amount of supply and also use what is called credit availability. Is it easy to get a mortgage or is it not and that's really a subjective, not an objective parameter that considers to be able to track its forecast and calibrate it against the market forecast on an ongoing basis and use that as a basis for performing analysis for not just these bonds but a large of number of bonds that we actually performed for our clients on a monthly or weekly basis.

Q. Other than those macroeconomic factors that you mentioned, do you consider any others?

A. No, this is the, effectively, the net results of the blended views of what we call the street research, the views we hear in the marketplace as market observer and participant in an advisory firm and we effectively blend that into a committee analysis of what we believe, based on those inputs, the future is going to hold.

Q. Is that a committee within your

<p style="text-align: right;">Page 90</p> <p>1 R. D'VARI</p> <p>2 firm?</p> <p>3 A. It is.</p> <p>4 Q. Are you on the committee?</p> <p>5 A. Yes, I am.</p> <p>6 Q. How many people are on the</p> <p>7 committee?</p> <p>8 A. I don't know exact number, but it</p> <p>9 would be somewhere between half a dozen to</p> <p>10 maybe a dozen. At different times different</p> <p>11 people participate. It is a fairly open</p> <p>12 meeting.</p> <p>13 Q. How does the committee come to a</p> <p>14 decision on, you know, the final -- the</p> <p>15 actual macroeconomic factors that NewOak is</p> <p>16 going to use in its analysis?</p> <p>17 A. Again, in -- it comes down from</p> <p>18 top to the bottom. The top being obviously</p> <p>19 the state of housing industry, the current</p> <p>20 performance that has already occurred and</p> <p>21 observed and housing is a very well reported</p> <p>22 sector. If you Google it, you will find</p> <p>23 essentially there are a lot of opinions out</p> <p>24 there. But every single Street firm, Wall</p> <p>25 Street firm that provides research</p>	<p style="text-align: right;">Page 91</p> <p>1 R. D'VARI</p> <p>2 effectively puts out a view, and that</p> <p>3 ultimately leads to something we look at and</p> <p>4 we observe. But there is not a mechanical</p> <p>5 way that we can combine those. This is</p> <p>6 subject to a discussions within the team what</p> <p>7 factors going forward will be relevant.</p> <p>8 Q. Who makes the final decision?</p> <p>9 A. Ultimately, it falls on my</p> <p>10 shoulder whether I agree with that. But I</p> <p>11 take everybody's input including my own.</p> <p>12 Q. I see. And you probably -- I</p> <p>13 believe you may have answered this, but if</p> <p>14 you can just tell me again how you obtain the</p> <p>15 information that goes into these</p> <p>16 macroeconomic factors again so I am clear?</p> <p>17 A. That's a research reports that we</p> <p>18 get from Street firms, and the number of them</p> <p>19 are numerous. And we also actually look at</p> <p>20 the performance that we have seen on --</p> <p>21 NewOak subscribes to MBSData. MBSData was</p> <p>22 not as specifically applied, you know, in</p> <p>23 this run, but there are -- the performance</p> <p>24 and surveillance that we get from those would</p> <p>25 highlight to us, for example, how the housing</p>
<p style="text-align: right;">Page 92</p> <p>1 R. D'VARI</p> <p>2 market is working because of the severity</p> <p>3 that are imbedded in the underlying actual</p> <p>4 performance that we see.</p> <p>5 Q. In paragraph -- moving on to</p> <p>6 paragraph 28 now on page 9 of your</p> <p>7 Declaration. You reference that the -- that</p> <p>8 "The NewOak analysis accounts for</p> <p>9 macroeconomic influences resulting in what</p> <p>10 you call a Base Case collateral performance</p> <p>11 projection"; is that correct?</p> <p>12 A. Correct.</p> <p>13 Q. Now, specifically, these</p> <p>14 macroeconomic projections I understand</p> <p>15 include home prices, unemployment, and credit</p> <p>16 availability, correct?</p> <p>17 A. Correct.</p> <p>18 Q. So can you describe for me the</p> <p>19 projections that are used for each of those</p> <p>20 references?</p> <p>21 A. The projections for --</p> <p>22 Q. Home prices?</p> <p>23 A. Home prices, they are provided to</p> <p>24 you in terms of ultimately what we have come</p> <p>25 up with. We certainly look at home prices,</p>	<p style="text-align: right;">Page 93</p> <p>1 R. D'VARI</p> <p>2 historical home prices as of that particular</p> <p>3 point in time. The dynamics that's going on.</p> <p>4 The availability of credit that, by the way,</p> <p>5 sort of the three factors that are</p> <p>6 highlighted that are somewhat related. So</p> <p>7 but that -- but independently, we arrive at</p> <p>8 those three depending on the direction of the</p> <p>9 actual observed home prices, the actual</p> <p>10 description of what's going on in terms of</p> <p>11 the economy and those are converted to our</p> <p>12 view of home prices versus, for example, the</p> <p>13 consensus from the Street.</p> <p>14 Q. Okay. So I understand. So to</p> <p>15 the results of your analysis --</p> <p>16 A. Sure.</p> <p>17 Q. -- and your Declaration, do the</p> <p>18 results of this report reflect your Base Case</p> <p>19 forecast?</p> <p>20 A. Correct.</p> <p>21 Q. So did you conduct alternative</p> <p>22 stress scenarios in this Declaration?</p> <p>23 A. No.</p> <p>24 MR. LAWRENCE: When you have a</p> <p>25 chance to take a break, my colleague</p>

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1 R. D'VARI
2 needs to take a break actually, if you
3 have a chance. At any point.
4 MR. CARNEY: I will -- one more
5 question and then I think it would be
6 a good time to take a break.
7 Q. Before we take a break, I will
8 ask you, is it your opinion that the Base
9 Case -- the Base Case analysis in your
10 Declaration reflects the expected outcome
11 under the current economic environment?
12 A. Right.
13 MR. CARNEY: I think we can take
14 a break.
15 (Whereupon, a recess was held.)
16 BY MR. CARNEY:
17 Q. Dr. D'Vari, whenever you are
18 ready.
19 A. I am ready.
20 Q. Okay. So I am going to ask you a
21 little more about the NewOak RMBS
22 methodology. How long has -- how long has
23 NewOak RMBS Analysis Methodology been in
24 place, how long have you used it?
25 A. With the continuous process from

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1 R. D'VARI
2 A. If I were going to?
3 Q. Yes.
4 A. When and how?
5 Q. If I asked you to analyze a CUSIP
6 listed in your schedule today --
7 A. Yes.
8 Q. -- you would use NewOak's RMBS
9 Analysis Methodology?
10 A. Absolutely every single security
11 that we price and calculate cash flows are
12 used using NewOak's evolving methodology.
13 Q. And the same would have been true
14 in 2011?
15 A. Same -- it would have been using
16 the macro information from NewOak's. It
17 would have used ultimately getting to these
18 vectors and then ultimately calculating cash
19 flows and then calculating losses.
20 Q. And the answer would be the same
21 for analysis you may have done in 2012?
22 A. Yes, that's a generic process
23 that we have been using.
24 Q. So if you ran the -- this Base
25 Case that you ran in for the purposes of your

1 R. D'VARI
2 my own Black Rock days to NewOak to the
3 methodology itself and the approach is really
4 accumulation of, you know, both NewOak team's
5 experience and myself.
6 Q. So the NewOak methodology,
7 NewOak's RMBS Analysis Methodology was in
8 place in 2011, you used it in 2011?
9 A. Methodology versus the actual
10 inputs are two different things.
11 Q. I am asking you about the
12 methodology.
13 A. The general methodology, as I
14 said, market standard and, yes.
15 Q. The general methodology also
16 would have been used by you in 2012, too,
17 correct?
18 A. To various degrees of refinement.
19 Q. Okay.
20 A. Inputs. Definitely subject to a
21 lot of the inputs.
22 Q. So would you -- so if you were
23 going to analyze a CUSIP bond, would any
24 CUSIP that you analyzed be analyzed using
25 NewOak's RMBS Analysis Methodology?

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1 R. D'VARI
2 Declaration, if you ran that in -- on the
3 securities listed in the trust list on
4 Schedule 1 and the securities listed in
5 Schedule 3, if you ran this -- the Base Case
6 on those securities and trusts in 2011 and
7 2012, would NewOak's RMBS Analysis
8 Methodology reflect NewOak's opinion and
9 economic collateral performance of the then
10 current economic conditions?
11 MR. LAWRENCE: Objection.
12 Vague.
13 A. As I said, this process would
14 have been run, as a process in general would
15 have been using all the information up to
16 that point, generating inputs that would go
17 into Intex. Then from Intex, we would have
18 had output. So that process has never
19 changed.
20 Q. So would that process, had it
21 been run in 2011 and 2012, reflected your
22 opinion of the collateral performance of the
23 economic conditions current at that time?
24 A. Again, you have to define the
25 scenario. You know, scenario being Base

25 (Pages 94 to 97)

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<p>1 R. D'VARI</p> <p>2 Case.</p> <p>3 Q. Base Case?</p> <p>4 A. There would have been a Base Case</p> <p>5 as of then and then in general there would</p> <p>6 have been credit committee outputs and there</p> <p>7 would have been ultimately reaching</p> <p>8 conclusions of home prices but not</p> <p>9 necessarily the exact set of tools that would</p> <p>10 gotten to the same vectors, but ultimately,</p> <p>11 we would have used vectors to analyze.</p> <p>12 Q. Right. And your analysis and</p> <p>13 would, again, reflect your opinion of the</p> <p>14 collateral performance at that time under</p> <p>15 those economic conditions?</p> <p>16 MR. LAWRENCE: Objection. It is</p> <p>17 an improper hypothetical.</p> <p>18 MR. CARNEY: He is an expert I</p> <p>19 can ask him hypothetical questions.</p> <p>20 A. In general, any time we do an</p> <p>21 analysis that's ultimately our opinion.</p> <p>22 Q. Okay. And this analysis, had it</p> <p>23 been run at that time, 2011, 2012, would be</p> <p>24 the basis of your opinion?</p> <p>25 A. It would have been -- yes,</p>	<p>1 R. D'VARI</p> <p>2 exactly. Our analysis is independent.</p> <p>3 Q. You had mentioned inputs to Intex</p> <p>4 and one thing I want to ask before I move on,</p> <p>5 in the papers you provided in your work</p> <p>6 papers, Exhibits 1, 2 and 3, did you provide</p> <p>7 the Intex settings files using connection</p> <p>8 with this analysis?</p> <p>9 A. I am not exactly sure that was</p> <p>10 provided or not. I would be more than glad</p> <p>11 to provide -- to examine that at a later</p> <p>12 date.</p> <p>13 MR. CARNEY: We ask that those</p> <p>14 be provided, and I will contact your</p> <p>15 counsel about that. Thank you.</p> <p>16 Q. So let's move on to paragraph 31</p> <p>17 on page 9 of your Declaration.</p> <p>18 A. Right.</p> <p>19 Q. And you indicate that your</p> <p>20 expected -- pardon me.</p> <p>21 You indicate that your remaining</p> <p>22 future expected loss is approximately</p> <p>23 1.7 billion; is that correct?</p> <p>24 A. 1.7 billion and change, right.</p> <p>25 Q. Now, does this reflect the loss</p>
Page 100	Page 101
<p>1 R. D'VARI</p> <p>2 to all of the tranches within the 47 Insured</p> <p>3 Trusts both wrapped and not wrapped?</p> <p>4 A. This is a collateral losses. The</p> <p>5 translation of collateral loss to individual</p> <p>6 tranche losses is a whole different exercise.</p> <p>7 So what you are looking at here is primarily</p> <p>8 collateral loss and we are opining on</p> <p>9 collateral loss here.</p> <p>10 Q. Just so I am clear, so this</p> <p>11 reflects the loss to the entire insured</p> <p>12 trust; is that correct?</p> <p>13 A. This reflects the entire</p> <p>14 collateral loss. Collateral being the only</p> <p>15 asset that the trusts have is the mortgage</p> <p>16 loans.</p> <p>17 Q. Right.</p> <p>18 A. And this reflects the principal</p> <p>19 losses to those mortgages.</p> <p>20 Q. And that's to the mortgages</p> <p>21 backing -- or collateral -- the mortgages</p> <p>22 backing both the wrapped bonds and the</p> <p>23 non-wrapped bonds?</p> <p>24 A. Correct. This is the entire</p> <p>25 grouping of mortgages within each trust.</p>	<p>1 R. D'VARI</p> <p>2 Q. Okay. Now, did you also forecast</p> <p>3 the expected losses to the FGIC wrapped</p> <p>4 securities independent of those total losses?</p> <p>5 A. As I said, that was not the</p> <p>6 subject of our Declaration. Had it been by</p> <p>7 accident produced, we have not looked at it.</p> <p>8 Q. And you didn't do that because</p> <p>9 you weren't asked to; is that correct?</p> <p>10 A. Correct.</p> <p>11 Q. So your conclusion is that the</p> <p>12 FGIC insured RMBS losses total 5.4 billion</p> <p>13 today; is that correct, around 5.4 billion?</p> <p>14 A. For the trust.</p> <p>15 MR. LAWRENCE: Objection.</p> <p>16 Misstates his prior testimony.</p> <p>17 Q. So your conclusion is that FGIC</p> <p>18 insured RMBS losses total around \$5.4 billion</p> <p>19 today?</p> <p>20 MR. LAWRENCE: Same objection.</p> <p>21 A. RMBS. We are not talking about</p> <p>22 RMBS. We are talking about trusts.</p> <p>23 Two different things.</p> <p>24 Q. So explain to me what the</p> <p>25 five point --</p>

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<p>1 R. D'VARI</p> <p>2 A. Securities versus trusts are two</p> <p>3 different things.</p> <p>4 Q. So explain to me what the</p> <p>5 5.4 billion in losses represent?</p> <p>6 A. I think we have gone over it. It</p> <p>7 is collateral loss. Meaning mortgage loans</p> <p>8 underneath the trust. The exercise from</p> <p>9 those to specific RMBSs, it's a totally</p> <p>10 different exercise, which we had not taken up</p> <p>11 for FGIC wrapped bonds.</p> <p>12 Q. So then the remaining expected</p> <p>13 future loss to the collateral in the FGIC</p> <p>14 insured trust --</p> <p>15 A. Trusts.</p> <p>16 Q. -- is you predict that to be</p> <p>17 around 1.7 billion; is that correct?</p> <p>18 A. Yes, that's our opinion.</p> <p>19 Q. That's your opinion. So have you</p> <p>20 reviewed any other references for past unpaid</p> <p>21 claims or -- strike that.</p> <p>22 So did any part of your analysis</p> <p>23 consider past payments FGIC would have made</p> <p>24 on account of its insurance policies with</p> <p>25 respect to the wrapped bonds?</p>	<p>1 R. D'VARI</p> <p>2 A. As of the numbers you are seeing</p> <p>3 here.</p> <p>4 Q. As part of your analysis.</p> <p>5 A. Entire analysis?</p> <p>6 Q. Yes, entire analysis. Did do you</p> <p>7 that calculation, did you take that number</p> <p>8 into account?</p> <p>9 A. No, we -- I would like to answer</p> <p>10 that question when we get into the RMBS</p> <p>11 positions, which is a different question than</p> <p>12 collateral. This is strictly speaking the</p> <p>13 mortgage loan losses that underneath -- which</p> <p>14 doesn't relate directly to the RMBSs. And it</p> <p>15 is not a straightforward calculation.</p> <p>16 Q. But with respect to the RMBS?</p> <p>17 A. So we are moving on to RMBS?</p> <p>18 Q. Well, for now.</p> <p>19 A. Okay.</p> <p>20 Q. With respect to the RMBS, in your</p> <p>21 Declaration, did you come to a -- an estimate</p> <p>22 of the total losses with respect to FGIC</p> <p>23 wrapped RMBS?</p> <p>24 MR. LAWRENCE: Asked and</p> <p>25 answered.</p>
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<p>1 R. D'VARI</p> <p>2 A. Asked and answered, no.</p> <p>3 Q. No, okay. Turn to paragraph 2 of</p> <p>4 your Declaration, please. You say in</p> <p>5 paragraph 2, based on this understanding of</p> <p>6 the scope of your assignment, right, you</p> <p>7 write "I believe that a conservative estimate</p> <p>8 of the aggregate amount of the claims</p> <p>9 released by the FGIC trustees as defined</p> <p>10 below under the Settlement Agreement is</p> <p>11 \$5 billion and change."</p> <p>12 A. Yes.</p> <p>13 Q. What are those claims related to</p> <p>14 then?</p> <p>15 A. You will allow me to read my --</p> <p>16 Q. Yes, of course.</p> <p>17 A. I don't really recall where that</p> <p>18 number comes from, but I suspect it was out</p> <p>19 of the settlement.</p> <p>20 Q. Well, but -- it is in your</p> <p>21 Declaration and the thing that troubles me or</p> <p>22 makes me curious, rather, is you said you did</p> <p>23 not do any estimate of the losses to the FGIC</p> <p>24 wrapped bonds, but you are saying that the</p> <p>25 claims released by the FGIC trustees under</p>	<p>1 R. D'VARI</p> <p>2 the Settlement Agreement is \$5 billion, and I</p> <p>3 am curious if those claims don't relate to</p> <p>4 FGIC wrapped bonds, what do they relate to</p> <p>5 and what does that number mean?</p> <p>6 A. They are related. I don't</p> <p>7 believe this a computed number. I think it</p> <p>8 may be coming from the settlement. The</p> <p>9 specific.</p> <p>10 Q. Have you reviewed the Settlement</p> <p>11 Agreement?</p> <p>12 A. Not in detail at all.</p> <p>13 Q. Well --</p> <p>14 A. I think that's a number -- I need</p> <p>15 to -- at this point, I need to examine this</p> <p>16 number further.</p> <p>17 Q. Turn to paragraph 56 of your</p> <p>18 Declaration, please. It is on page 15.</p> <p>19 A. Oh, sorry, yes.</p> <p>20 Q. Could you explain to me what --</p> <p>21 let's turn first to 55 and 56. Let's take</p> <p>22 them together. Could you read those</p> <p>23 paragraphs? Take a moment to review them and</p> <p>24 explain to me what you are trying to convey</p> <p>25 in those paragraphs, please.</p>

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<p>1 R. D'VARI</p> <p>2 A. Okay. Thank you.</p> <p>3 I need to do some calculations in</p> <p>4 my head if you don't mind.</p> <p>5 Q. Sure.</p> <p>6 A. Okay. I think this is a derived</p> <p>7 number, actually. Taking the overall</p> <p>8 collateral loss, subtracting the,</p> <p>9 essentially, what we estimate as being the</p> <p>10 total losses to non-wrapped bonds, you should</p> <p>11 arrive at that number, but I haven't done</p> <p>12 that in my calculation. In my head.</p> <p>13 Q. Okay. So let me walk through</p> <p>14 this again. So you are saying -- let's start</p> <p>15 at paragraph 55.</p> <p>16 A. Yes.</p> <p>17 Q. Your analysis tells you that</p> <p>18 the -- or you represent in your Declaration,</p> <p>19 rather, that the total lifetime loss to</p> <p>20 non-wrapped bonds is \$22,537,395, correct?</p> <p>21 A. Correct.</p> <p>22 Q. And the estimated losses to</p> <p>23 senior IO certificates is zero. And the</p> <p>24 estimated upper bound of unrealized loss</p> <p>25 expected residual economic value is</p>	<p>1 R. D'VARI</p> <p>2 390,385,776?</p> <p>3 A. That's correct.</p> <p>4 Q. And so you believe that the total</p> <p>5 estimated lifetime loss to non-wrapped</p> <p>6 interest in the FGIC insured trust is</p> <p>7 412,923,171; is that correct?</p> <p>8 A. Yes.</p> <p>9 Q. Okay. So on to paragraph 55.</p> <p>10 MR. LAWRENCE: You are referring</p> <p>11 to 56?</p> <p>12 MR. CARNEY: 56, thank you.</p> <p>13 Q. And you -- then you say based on</p> <p>14 your understanding that the FGIC Insured</p> <p>15 Trusts and the FGIC trustees have estimated</p> <p>16 claims to be 5,414,532,474 and you said you</p> <p>17 obtained that estimate from the Settlement</p> <p>18 Agreement?</p> <p>19 A. No, I did not say that. It could</p> <p>20 be, but there is actually a subtraction of</p> <p>21 the total collateral loss estimated by us</p> <p>22 less non-wrapped bonds, which would be</p> <p>23 allocated or attributed. So if you -- if you</p> <p>24 actually, you know, consider the potential</p> <p>25 claims by non-wrapped bonds, subtracted by</p>
Page 108	Page 109
<p>1 R. D'VARI</p> <p>2 the estimated collateral loss, you could say</p> <p>3 that this amount is what it potentially</p> <p>4 could be.</p> <p>5 Q. The 5.4 billion?</p> <p>6 A. Yes. 5.001. 5 billion</p> <p>7 essentially.</p> <p>8 Q. Okay. Let me get this straight.</p> <p>9 A. No, 54 is total collateral.</p> <p>10 Q. Okay.</p> <p>11 A. That's the total collateral loss.</p> <p>12 Q. So the 5.4 billion is a total</p> <p>13 collateral loss to the FGIC Insured Trusts in</p> <p>14 the aggregate?</p> <p>15 A. Correct.</p> <p>16 Q. And then subtracting out,</p> <p>17 subtracting from that the 412,923,171?</p> <p>18 A. Correct.</p> <p>19 Q. You are then estimating that the</p> <p>20 actual losses to the FGIC wrapped bonds, by</p> <p>21 backing out the non-wrapped stuff is</p> <p>22 5 billion; is that correct?</p> <p>23 MR. LAWRENCE: Objection.</p> <p>24 A. I am not saying that that's the</p> <p>25 number. I am saying this is what we are</p>	<p>1 R. D'VARI</p> <p>2 effectively -- if you have a -- that's the</p> <p>3 upper bound. But what I am trying to say is</p> <p>4 that if you have a total loss and you</p> <p>5 allocate certain loss to a non-wrapped bond</p> <p>6 the other part is what gets released.</p> <p>7 Q. Is the best estimate or your</p> <p>8 estimate in your Declaration of the</p> <p>9 collateral losses to the FGIC wrapped bonds</p> <p>10 is approximately \$5 billion; is that correct?</p> <p>11 MR. LAWRENCE: Objection.</p> <p>12 A. No, the collateral loss is very</p> <p>13 different.</p> <p>14 Q. Okay. I understand we are</p> <p>15 talking about RMBS?</p> <p>16 A. We are talking about RMBS, mixing</p> <p>17 it with collateral. This number is nothing</p> <p>18 but subtraction of the cumulative loss that</p> <p>19 mortgages underneath would incur, and if you</p> <p>20 had losses to a tranches of bonds, that would</p> <p>21 remain -- essentially, this is the</p> <p>22 subtraction of two numbers at this point</p> <p>23 without regard to anything else.</p> <p>24 Q. Okay. So if you circle back,</p> <p>25 then, so this basis is 55 and 56?</p>

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<p>1 R. D'VARI</p> <p>2 A. That's the same number.</p> <p>3 Q. That's where, going back to</p> <p>4 paragraph 2, is where you believe that a</p> <p>5 conservative estimate of the aggregate amount</p> <p>6 of the claims released by the FGIC trustees</p> <p>7 under the Settlement Agreement is \$5 billion;</p> <p>8 is that correct?</p> <p>9 A. As I said it, if you take the</p> <p>10 upper bound, meaning the collateral loss, if</p> <p>11 you take it as a given not as a matter of</p> <p>12 fact, I am not stating an opinion on that at</p> <p>13 all, I am just saying if you take that as an</p> <p>14 upper bound, the lifetime, my opinion on the</p> <p>15 lifetime collateral loss and if you also take</p> <p>16 my opinion for the non-wrapped bonds, if you</p> <p>17 subtract those two numbers, that would be an</p> <p>18 upper bound for what gets released. But it</p> <p>19 doesn't attribute it to anything and doesn't</p> <p>20 opine on any other matter.</p> <p>21 Q. But that would be the upper bound</p> <p>22 to the losses on the FGIC wrapped bonds?</p> <p>23 A. This is actually --</p> <p>24 MR. LAWRENCE: Let him finish</p> <p>25 the question before you answer.</p>	<p>1 R. D'VARI</p> <p>2 Q. My question but that would be, as</p> <p>3 I understand what you are saying, that would</p> <p>4 be an upper bound to the losses on the FGIC</p> <p>5 wrapped bonds; is that correct?</p> <p>6 MR. LAWRENCE: Objection.</p> <p>7 A. I am saying it is a conservative</p> <p>8 number.</p> <p>9 Q. Under your analysis?</p> <p>10 A. Again, that's not the subject of</p> <p>11 my opinion but that's a side derived number</p> <p>12 from that.</p> <p>13 Q. I am going to mark this, I</p> <p>14 believe, as Exhibit 6. This the</p> <p>15 Gary C. Holtzer's affirmation in support of</p> <p>16 the Settlement Agreement in the</p> <p>17 rehabilitation court.</p> <p>18 (Whereupon, D'Vari Exhibit 6,</p> <p>19 Gary C. Holtzer's Affirmation in</p> <p>20 Support of the Settlement Agreement in</p> <p>21 the Rehabilitation Court was marked</p> <p>22 for identification as of this date by</p> <p>23 the Reporter.)</p> <p>24 (Whereupon, a recess was held.)</p> <p>25</p>
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<p>1 R. D'VARI</p> <p>2 BY MR. CARNEY:</p> <p>3 Q. Before we go on to that document</p> <p>4 that I marked, let's go back to paragraph 31</p> <p>5 on page 9 of your Declaration.</p> <p>6 A. Correct.</p> <p>7 Q. Now, here -- now, here you are --</p> <p>8 you've opined that the total collateral</p> <p>9 losses to the FGIC Insured Trust is about</p> <p>10 5.4 billion; is that correct?</p> <p>11 A. Again, collateral.</p> <p>12 Q. Collateral, yes, yes.</p> <p>13 A. Yes.</p> <p>14 Q. Now, if you look at the -- your</p> <p>15 estimation that we just talked about in</p> <p>16 paragraph 55 and 56 and let's turn back to</p> <p>17 that. At the end of 56 that your aggregate</p> <p>18 of the amount of the claims released by the</p> <p>19 FGIC trustees under the Settlement Agreement</p> <p>20 would be approximately -- so it would be</p> <p>21 approximately 5 billion; is that correct?</p> <p>22 A. It says what it says, correct.</p> <p>23 Q. So if you took the ratio of that</p> <p>24 5 billion loss, the \$5 billion in claims of</p> <p>25 the FGIC trustees related to the wrapped</p>	<p>1 R. D'VARI</p> <p>2 bonds here?</p> <p>3 MR. LAWRENCE: Objection.</p> <p>4 A. The word's claims released not</p> <p>5 claims. Two different. In my view.</p> <p>6 Q. Fair enough. So if you take the</p> <p>7 claims released by the FGIC trustees, now can</p> <p>8 you confirm for me that those claims</p> <p>9 released, of the 5 billion, that those claims</p> <p>10 released are related to the FGIC wrapped</p> <p>11 bonds; is that correct?</p> <p>12 MR. LAWRENCE: Objection.</p> <p>13 A. No. This is exactly simple</p> <p>14 subtraction of collateral loss less the</p> <p>15 non-wrapped bonds and it is what it is.</p> <p>16 Q. Okay.</p> <p>17 A. We are not opining on any other</p> <p>18 matters except the two questions asked. What</p> <p>19 is the total collateral loss and what is the</p> <p>20 non-wrapped certificate losses.</p> <p>21 Q. Okay.</p> <p>22 A. It doesn't really relate to any</p> <p>23 other claims.</p> <p>24 Q. Mr. D'Vari if you turn again to</p> <p>25 paragraph 2, please.</p>

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1 R. D'VARI
2 A. Yes.
3 Q. On page 2, paragraph 2, it
4 continues onto page 2, you say "Are you
5 right, that you believe, you believe, that a
6 conservative estimate of the aggregate amount
7 of the claims released by the FGIC trustees
8 under the Settlement Agreement is five --
9 approximately \$5 billion"; is that correct?
10 A. Claims released?
11 Q. Yes.
12 A. Again, with the definition to be
13 defined and not mistaken with other matters.
14 It is just a subtraction of two numbers. It
15 really is not saying anything more than that.
16 Q. Well, it says you believe a
17 conservative estimate of the claims released.
18 That's what it says, correct?
19 A. Correct. There is a
20 conservative -- there is a word estimate and
21 there is a word claims released.
22 Q. Okay.
23 A. You have to put those
24 two together to -- the answer is that number
25 represents the subtraction of two numbers and

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1 R. D'VARI
2 A. Correct.
3 Q. Okay.
4 A. But, again, those are -- I want
5 to be very clear that extrapolation from
6 collateral to actual tranche losses is a
7 mathematical exercise that we have only done
8 for non-wrapped bonds. So we are not opining
9 on the extrapolation of that anywhere else.
10 Q. Okay. Let's do another
11 mathematical exercise of non-wrapped bonds --
12 for wrapped bonds that we are talking about.
13 So we have the mathematical exercise of the
14 5.0 with the 5.4, which gets us to about say,
15 92.6%.
16 A. Yes.
17 Q. Is that correct?
18 A. Yep.
19 Q. Now, if you go back and look at
20 the current collateral loss, and that, I
21 believe, was in paragraph 31, of that 5.4 in
22 current collateral losses, we have around 3.7
23 in current collateral losses. Do you see
24 that?
25 A. 3.67.

1 R. D'VARI
2 you or anybody else could interpret that
3 number any way they want.
4 Q. Okay. But again, that is the
5 total amount of claims released; is that
6 correct?
7 MR. LAWRENCE: Objection. Asked
8 and answered.
9 A. That is the estimate of when you
10 take -- you subtract the total collateral
11 loss from the interest in the tranches that
12 are not wrapped. You get that number.
13 Q. Okay. And if you take that
14 number and divide it by the total collateral
15 loss of 5.4 billion?
16 A. Correct.
17 Q. You want to take that ratio, I
18 can get a calculator if you need, would you
19 agree that's around 92.6%, over 5.4?
20 A. Let me just run -- take a look
21 at. That is correct but, also, I would want
22 to refer you to page 5, Table 1. That's also
23 the ratio of par amounts.
24 Q. So the ratio of par amounts is
25 actually a little higher, isn't it, 96.27%?

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1 R. D'VARI
2 Q. 3.67, okay, to be more precise.
3 So if we take that 3.67 in current collateral
4 losses?
5 A. Current.
6 Q. And we once again extrapolate
7 using a mathematical exercise, say taking the
8 portion of those collateral losses of 3.67
9 and multiplying it by the portion that is
10 wrapped, which is 96.2% in your table; is
11 that correct, 96.27%?
12 A. I think I want to be --
13 MR. LAWRENCE: Dr. D'Vari, let
14 him ask the question because I will
15 have an objection to the question
16 because it is a compound question and
17 extremely vague.
18 MR. CARNEY: It is not that
19 vague.
20 Q. So if you take the 3 point --
21 MR. LAWRENCE: It is vague.
22 Q. If you take the 3.67 billion in
23 current collateral losses, correct, multiply
24 that by the total original par amount of
25 wrapped bonds, which is 96.27% in

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<p>1 R. D'VARI</p> <p>2 paragraph 5, do you have any idea of what</p> <p>3 that is?</p> <p>4 MR. LAWRENCE: You want him to</p> <p>5 do the math?</p> <p>6 Q. I will represent it is about</p> <p>7 3.53 billion. Does that sound right to you?</p> <p>8 MR. LAWRENCE: If you have a</p> <p>9 calculator and you want to give him</p> <p>10 the calculator, he can.</p> <p>11 MR. CARNEY: I can get him a</p> <p>12 calculator.</p> <p>13 MR. LAWRENCE: If you represent</p> <p>14 to us that you have done the math and</p> <p>15 the math equals the number, we will</p> <p>16 take your representation on that.</p> <p>17 Q. So just as you did the sort of</p> <p>18 backing out of the, what you said you</p> <p>19 believed to be a total estimate of the</p> <p>20 aggregate amount of claims released by the</p> <p>21 FGIC trustees as 5.0 billion, would you agree</p> <p>22 that the portion of those aggregate amount of</p> <p>23 claims released by the FGIC trustees</p> <p>24 attributable to claims as to losses that have</p> <p>25 already occurred would be about 3.53 billion?</p>	<p>1 R. D'VARI</p> <p>2 MR. LAWRENCE: Objection.</p> <p>3 Vague.</p> <p>4 A. Objection, no, I think you're</p> <p>5 mixing apples and oranges, not subject to our</p> <p>6 opinion, I go back and repeat, attribution of</p> <p>7 collateral losses to individual tranches in</p> <p>8 claims is a very complex and it requires</p> <p>9 specific calculations. So simple math that</p> <p>10 you are presenting doesn't necessarily -- is</p> <p>11 not one that I have done and it is not done,</p> <p>12 what I attempt to do here today.</p> <p>13 Q. But simple math, I thought you</p> <p>14 testified was how you came by your belief of</p> <p>15 a conservative estimate in the aggregate</p> <p>16 amount of claims released by the FGIC</p> <p>17 trustees; is that correct?</p> <p>18 A. If you read that properly, saying</p> <p>19 that if, not as a matter of fact, total</p> <p>20 claims may be X and subtracted non-wrapped</p> <p>21 holders, non-released, in this particular</p> <p>22 example that we were saying, that</p> <p>23 effectively, the subtraction of those</p> <p>24 two numbers gets you the 5 billion. That's</p> <p>25 all it says. Nothing more. Nothing less.</p>
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<p>1 R. D'VARI</p> <p>2 Q. That gets you the 5 billion?</p> <p>3 A. Yes.</p> <p>4 Q. Would you agree that if you took</p> <p>5 the portion of the 96.27% portion of the</p> <p>6 original par amount that is wrapped, if you</p> <p>7 multiply that by the current amount of</p> <p>8 collateral losses you would get a number of</p> <p>9 3.53 million?</p> <p>10 A. Again, you are mixing apples and</p> <p>11 oranges.</p> <p>12 Q. I am just talking about a</p> <p>13 mathematical calculation.</p> <p>14 MR. LAWRENCE: If you have a</p> <p>15 mathematical calculation that you have</p> <p>16 calculated, we will stipulate to the</p> <p>17 math.</p> <p>18 A. But not the meaning of it.</p> <p>19 Q. Okay.</p> <p>20 A. The meaning of it is complex and</p> <p>21 I hate to go there. That's all I am saying.</p> <p>22 MR. LAWRENCE: We will take your</p> <p>23 representation that your math is</p> <p>24 correct. We will go home and do the</p> <p>25 numbers ourselves later, but I am</p>	<p>1 R. D'VARI</p> <p>2 assuming you have done the math</p> <p>3 correct.</p> <p>4 Q. Let's look at the Holtzer</p> <p>5 Affidavit that I gave you. Have you ever</p> <p>6 seen this before?</p> <p>7 A. No.</p> <p>8 Q. Could you please turn to --</p> <p>9 A. Correctly, before.</p> <p>10 Q. Before today?</p> <p>11 A. I have seen it while here.</p> <p>12 Q. Okay. Could you please turn</p> <p>13 to --</p> <p>14 MR. SHORE: Off the record.</p> <p>15 (Whereupon, an off-the-record</p> <p>16 discussion was held.)</p> <p>17 Q. We would like to have him hand in</p> <p>18 what is now 6 and let's get rid of that and</p> <p>19 remark this version. We will remark the</p> <p>20 version I am about to hand you D'Vari</p> <p>21 number 6.</p> <p>22 Let me know when you are ready,</p> <p>23 when you have had a chance to look</p> <p>24 through it.</p> <p>25 A. Please go ahead. I haven't</p>

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<p>1 R. D'VARI</p> <p>2 completed my review of the document, but I</p> <p>3 will take it in the context.</p> <p>4 Q. Have you ever seen this</p> <p>5 document -- actually, turn to page 4 of the</p> <p>6 document. It begins with the caption -- in</p> <p>7 the caption says "affirmation," four pages</p> <p>8 in. So front and back.</p> <p>9 A. Based on the numbers?</p> <p>10 MR. LAWRENCE: No, this page.</p> <p>11 Q. Now, I am going to talk about the</p> <p>12 document from this page up to the end, and</p> <p>13 have you ever seen, before, prior to when I</p> <p>14 just gave it to you, have you ever seen this</p> <p>15 document before?</p> <p>16 A. No.</p> <p>17 Q. Would you please turn to</p> <p>18 Paragraph 5.</p> <p>19 A. Okay.</p> <p>20 Q. Can you read Paragraph 5, please.</p> <p>21 Do you understand what the Paragraph 5 means?</p> <p>22 MR. LAWRENCE: Objection; vague.</p> <p>23 Q. After reading Paragraph 5, do you</p> <p>24 have an understanding of it?</p> <p>25 A. I think the context is important.</p>	<p>1 R. D'VARI</p> <p>2 I have not obviously studied the context.</p> <p>3 But I can read the numbers and the</p> <p>4 statements.</p> <p>5 Q. Okay. Upon reading this</p> <p>6 paragraph, what do you understand -- do you</p> <p>7 have an understanding of what Mr. Holtzer --</p> <p>8 of what the author of this Affidavit is</p> <p>9 trying to convey by the numbers?</p> <p>10 MR. LAWRENCE: Do you want him</p> <p>11 to read what's in the paragraph?</p> <p>12 MR. CARNEY: No.</p> <p>13 MR. LAWRENCE: I don't</p> <p>14 understand the question.</p> <p>15 Q. The paragraph states that as of</p> <p>16 March 31, 2013, the aggregate par amount</p> <p>17 outstanding covered by the policies, which we</p> <p>18 can look at the definitions in front are the</p> <p>19 FGIC -- are the policies wrapping the FGIC</p> <p>20 wrapped RMBS, was approximately 4.9 billion.</p> <p>21 It goes on to say, "As of such date, FGIC</p> <p>22 paid approximately 343.2 billion of claims</p> <p>23 into the policies -- 343.2 million of claims</p> <p>24 under the policies, which it has not been yet</p> <p>25 reimbursed, approximately 789 million of</p>
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<p>1 R. D'VARI</p> <p>2 additional claims had been asserted against</p> <p>3 FGIC that remain unpaid."</p> <p>4 We can do the math. I can</p> <p>5 represent that that total of what Mr. Holtzer</p> <p>6 is representing in his Affidavit is that</p> <p>7 there are 1.132 billion, if you add up</p> <p>8 343.2 million plus 789 million, in claims</p> <p>9 that have either been paid or have been</p> <p>10 asserted that have not been paid as of</p> <p>11 March 31st?</p> <p>12 A. In regard to what?</p> <p>13 Q. Claims under -- claims related to</p> <p>14 losses under the FGIC wrapped RMBS that are</p> <p>15 related to ResCap?</p> <p>16 A. I am not sure whether this set is</p> <p>17 exactly the same or not. I have not really</p> <p>18 reviewed the -- whether there is a direct</p> <p>19 mapping of those. So the answer is -- those</p> <p>20 are the numbers and -- and the summation as</p> <p>21 you represented, I haven't done it in my</p> <p>22 head, but I am not exactly sure what you are</p> <p>23 asking me to represent or to declare.</p> <p>24 Q. I am not asking you to declare</p> <p>25 anything. I am just asking you, do you</p>	<p>1 R. D'VARI</p> <p>2 understand that what Mr. Holtzer is conveying</p> <p>3 in this Affidavit --</p> <p>4 A. In reference to what? There is a</p> <p>5 totality of the concentration that I am not</p> <p>6 aware of, what bonds we are looking at, what</p> <p>7 tranches, what underlying securities, those</p> <p>8 are not very clear from that statement.</p> <p>9 Q. If you turn back one page, you</p> <p>10 will see in Paragraph 4, you can read that.</p> <p>11 A. Um-hum.</p> <p>12 Q. And I will have to -- I will</p> <p>13 represent to you that these 47 trusts</p> <p>14 mentioned on -- in Paragraph 4 are the same</p> <p>15 47 FGIC Insured Trusts that you analyzed in</p> <p>16 connection with your Declaration.</p> <p>17 A. Okay.</p> <p>18 Q. I will further represent to you</p> <p>19 that, in Paragraph 5, Mr. Holtzer is saying</p> <p>20 that with respect to the FGIC wrapped</p> <p>21 tranches of those trusts, that FGIC has paid</p> <p>22 343 million -- 343.2 million of claims and</p> <p>23 that there are 789 million of additional</p> <p>24 claims related to the FGIC wrapped tranches</p> <p>25 in those trusts that have been asserted</p>

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<p>1 R. D'VARI</p> <p>2 against FGIC that remain unpaid. My question</p> <p>3 to you is, when we looked at the total</p> <p>4 current loss, collateral losses in</p> <p>5 Paragraph 31 of your Declaration and we</p> <p>6 multiplied that by the portion of the FGIC</p> <p>7 Insured Trusts that are wrapped, we came up</p> <p>8 with 3.533 billion. My question is, why does</p> <p>9 that 3.533 billion number differ so</p> <p>10 significantly from the 1.132 billion number</p> <p>11 by adding up the numbers in Paragraph 5?</p> <p>12 MR. LAWRENCE: Object to the</p> <p>13 question. It's hopelessly vague.</p> <p>14 A. I can answer. I think, again,</p> <p>15 you are comparing losses on collateral versus</p> <p>16 tranches, which are pieces of -- they have</p> <p>17 rights and claims from cash flows and</p> <p>18 waterfalls, and it is very complex</p> <p>19 attribution.</p> <p>20 You just proved the difference is</p> <p>21 not something you can do mathematically and I</p> <p>22 don't believe any financial expert would do</p> <p>23 the numbers the way you are representing.</p> <p>24 The tranche losses are very specific</p> <p>25 calculations that are not directly and simply</p>	<p>1 R. D'VARI</p> <p>2 calculated from collateral losses because</p> <p>3 there are other cash flows that come into the</p> <p>4 picture and there is also priority of</p> <p>5 interests.</p> <p>6 Q. You can put that away. I just</p> <p>7 have a couple of more questions and then I</p> <p>8 will yield my time, if you will. I would</p> <p>9 like to go back to something we talked about</p> <p>10 at the beginning of this. Your work in</p> <p>11 analyzing the bonds referenced in your</p> <p>12 Declaration for FGIC. And I would -- can you</p> <p>13 tell me how much you were compensated by FGIC</p> <p>14 for your work?</p> <p>15 A. Confidential.</p> <p>16 Q. Your compensation is</p> <p>17 confidential?</p> <p>18 MR. GREEN: I object to that as</p> <p>19 being confidential.</p> <p>20 MR. CARNEY: Okay. And you are</p> <p>21 instructing him not to answer that</p> <p>22 question?</p> <p>23 MR. GREEN: Yes.</p> <p>24 Q. And you did say that you worked</p> <p>25 on your engagement for FGIC from, I believe,</p>
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<p>1 R. D'VARI</p> <p>2 you said 2010 to late 2011; is that correct?</p> <p>3 A. That is my current understanding.</p> <p>4 But I haven't fully verified those dates.</p> <p>5 Q. That's your current</p> <p>6 understanding?</p> <p>7 A. Yes. Estimates, yes.</p> <p>8 Q. Can you tell me how many people</p> <p>9 from your firm worked on that FGIC</p> <p>10 engagement?</p> <p>11 MR. GREEN: You can answer the</p> <p>12 question.</p> <p>13 A. Not the exact number but a pretty</p> <p>14 reasonable number of people.</p> <p>15 Q. Were they any of the same people</p> <p>16 that worked on your engagement for ResCap in</p> <p>17 producing your Declaration that we are</p> <p>18 talking about today?</p> <p>19 A. Not directly, actually.</p> <p>20 Q. What do you mean by "not</p> <p>21 directly"?</p> <p>22 A. Some of those -- again, I can't</p> <p>23 tell you the scope and -- the scope was not</p> <p>24 necessarily, you know, something that we can</p> <p>25 discuss. So the folks that are working --</p>	<p>1 R. D'VARI</p> <p>2 had worked on this assignment specifically</p> <p>3 and the names that I have highlighted</p> <p>4 specifically did the work, have not been</p> <p>5 affiliated or worked on the prior assignment.</p> <p>6 Q. So those three people that you</p> <p>7 worked with in your Declaration?</p> <p>8 A. Sure.</p> <p>9 Q. Did not work on the FGIC</p> <p>10 engagement?</p> <p>11 A. Correct. Also, I want to add one</p> <p>12 more name. Matt Lewis, didn't work directly</p> <p>13 for me on this assignment but he</p> <p>14 participated.</p> <p>15 Q. That's a segue to my other</p> <p>16 question.</p> <p>17 A. And he was also not involved.</p> <p>18 Q. Did anyone that worked on the</p> <p>19 analysis in your Declaration work on the FGIC</p> <p>20 engagement?</p> <p>21 A. The answer is no, to the extent</p> <p>22 that I recall.</p> <p>23 Q. How many -- can you tell me how</p> <p>24 many hours you spent or your firm spent,</p> <p>25 rather, on the FGIC engagement?</p>

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<p>1 R. D'VARI</p> <p>2 MR. LAWRENCE: You can answer to</p> <p>3 the extent that counsel for FGIC</p> <p>4 allows you to do that.</p> <p>5 MR. GREEN: You can answer the</p> <p>6 question.</p> <p>7 A. Frankly, I didn't even prepare it</p> <p>8 to look at. I am not the CFO. I don't look</p> <p>9 at numbers that way and those are produced</p> <p>10 and normally handled so I am not -- I</p> <p>11 haven't -- I haven't watched that.</p> <p>12 Q. So sitting here today, you</p> <p>13 have -- you are testifying you have no idea</p> <p>14 of the amount of hours you have spent -- your</p> <p>15 firm spent on the FGIC engagement?</p> <p>16 MR. LAWRENCE: Objection.</p> <p>17 Misstates his testimony.</p> <p>18 A. The way we are compensated in</p> <p>19 different assignments are different and not</p> <p>20 often always hourly. They have components of</p> <p>21 hourly. They have components of -- again,</p> <p>22 this is a general statement, not referring to</p> <p>23 any specific assignments. Each assignments</p> <p>24 would have different parameters to the way to</p> <p>25 get compensated. Part of that has to do with</p>	<p>1 R. D'VARI</p> <p>2 the time we are allowed to spend on</p> <p>3 particular assignment. Part of that relates</p> <p>4 to urgency of that matter and how we can</p> <p>5 reallocate resources. Sometimes we get paid</p> <p>6 on a fixed fee for a given defined set of</p> <p>7 parameters. Sometimes we get paid for</p> <p>8 writing reports. Sometimes we get paid for</p> <p>9 doing certain things that are not necessarily</p> <p>10 in the actual outputs. So what I am saying</p> <p>11 is I don't know the exact number of hours.</p> <p>12 In some cases the exact hours were not</p> <p>13 tracked because we may have, in a specific</p> <p>14 project, because you are doing it on a fixed</p> <p>15 price basis.</p> <p>16 Q. But do you have an idea whether</p> <p>17 the hours were tracked or not, how much</p> <p>18 employee time was spent on the FGIC</p> <p>19 engagement?</p> <p>20 MR. LAWRENCE: Asked and</p> <p>21 answered.</p> <p>22 A. As I said, I can't even give you</p> <p>23 the ballpark. Given that I haven't</p> <p>24 followed it.</p> <p>25 Q. Can you give me the ballpark on</p>
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<p>1 R. D'VARI</p> <p>2 how much time you personally spent working on</p> <p>3 the FGIC matter?</p> <p>4 A. Actually, I think on that one the</p> <p>5 hours would have been, in my view, very</p> <p>6 contained.</p> <p>7 Q. What do you mean by "contained"?</p> <p>8 A. Small. I wasn't running the</p> <p>9 analysis. But I was supervising.</p> <p>10 Q. When you say "small," do you</p> <p>11 mean --</p> <p>12 A. Small that means it is not</p> <p>13 eight hours a day, you know, six months,</p> <p>14 12 months. That's what it means.</p> <p>15 Q. Two hours a day? I'm trying to</p> <p>16 get an idea.</p> <p>17 A. It is not a pattern that I</p> <p>18 actually, you know, recall or paid</p> <p>19 attention to.</p> <p>20 Q. So you couldn't tell me sitting</p> <p>21 here today how much time you spent on it?</p> <p>22 A. No. We can review things but not</p> <p>23 at this moment.</p> <p>24 Q. Now, I would like to ask you, did</p> <p>25 you consider the work you did in the FGIC</p>	<p>1 R. D'VARI</p> <p>2 engagement in connection with the analysis</p> <p>3 you did in the Declaration we have been</p> <p>4 talking about today?</p> <p>5 A. As I said, no.</p> <p>6 Q. So you are telling me that</p> <p>7 nothing you learned from your work at FGIC,</p> <p>8 where you analyzed -- you say you analyzed</p> <p>9 the same bonds and the same trust and same</p> <p>10 time tranches, are you telling me that</p> <p>11 nothing you learned from your work at FGIC</p> <p>12 was used by you at all in the analysis you</p> <p>13 contained -- contained in your Declaration?</p> <p>14 MR. LAWRENCE: Objection. Asked</p> <p>15 and answered.</p> <p>16 You can answer.</p> <p>17 A. If every timeframe post crisis to</p> <p>18 now, you have a totally different set of</p> <p>19 circumstances. The 2013 June 1 versus the</p> <p>20 market conditions as of, what you referred to</p> <p>21 as FGIC exercise, 2011 and '10 are</p> <p>22 dramatically different. So are the prices of</p> <p>23 securities. So is the value of the stocks in</p> <p>24 the marketplace. So are the home prices. So</p> <p>25 the -- that's why we actually update our</p>

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<p>1 R. D'VARI</p> <p>2 analysis, the macro. We are now in a</p> <p>3 different position. Weeks was in a different</p> <p>4 position. Asia was in a different position.</p> <p>5 These are all factors that go into -- the</p> <p>6 specific of the trust obviously is documented</p> <p>7 and they're at Intex. That's not something</p> <p>8 that we need to. What's common is really</p> <p>9 what already Intex and everybody has. What</p> <p>10 is not common is how environment is changed</p> <p>11 from one point to another. So if you have a</p> <p>12 situation where you are dealing with</p> <p>13 essentially a different environment, you</p> <p>14 often -- you know, you will come up with</p> <p>15 different answers. You have had markets that</p> <p>16 have actually gone up by 60%. So therefore,</p> <p>17 the, everything is really at the point of the</p> <p>18 analysis. This is what the market you are</p> <p>19 looking at.</p> <p>20 Q. But you still used the NewOak</p> <p>21 RMBS Analysis Methodology in the FGIC</p> <p>22 engagement as well as this engagement,</p> <p>23 correct?</p> <p>24 A. The methodology --</p> <p>25 MR. GREEN: Objection.</p>	<p>1 R. D'VARI</p> <p>2 Objection. That's asking for</p> <p>3 confidential information about a</p> <p>4 previous engagement.</p> <p>5 MR. CARNEY: You are instructing</p> <p>6 him not to answer?</p> <p>7 MR. GREEN: To the extent it is</p> <p>8 revealing confidential information</p> <p>9 about the previous engagement, yes.</p> <p>10 A. I can comment on our methodology</p> <p>11 in general in context of anything else. Our</p> <p>12 methodology is independent and it is not</p> <p>13 client dependent.</p> <p>14 Q. But would you have used that</p> <p>15 methodology in the FGIC engagement and in</p> <p>16 this engagement?</p> <p>17 A. Again, I am not making comment</p> <p>18 about any specific assignment. I am saying I</p> <p>19 am giving you -- our methodology is our</p> <p>20 methodology and it is really, ultimately</p> <p>21 comes down to the scenarios that you are</p> <p>22 running, scenarios you are running for each</p> <p>23 case may be different depending on the type</p> <p>24 of questions you are trying to answer.</p> <p>25 Q. So you are telling me that</p>
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<p>1 R. D'VARI</p> <p>2 basically when you were doing this analysis,</p> <p>3 you essentially shut your brain down from</p> <p>4 even thinking about FGIC?</p> <p>5 MR. LAWRENCE: Objection. Asked</p> <p>6 and answered. And it is becoming</p> <p>7 harassing actually.</p> <p>8 MR. GREEN: Objection to the</p> <p>9 form.</p> <p>10 Q. You didn't look at any of your</p> <p>11 notes from the FGIC engagement when you were</p> <p>12 doing this analysis?</p> <p>13 A. Again, you are asking -- at this</p> <p>14 point, we did not -- what we relied on is</p> <p>15 already provided here, which is, again, is a</p> <p>16 time varying evolving process. The specifics</p> <p>17 of the actual individual trusts are provided</p> <p>18 by Intex, and they are updated over time. So</p> <p>19 that's not something that I need to go back</p> <p>20 to anything. I just need to go back to</p> <p>21 Intex. Intex has that information that's</p> <p>22 available to everyone. And so do you.</p> <p>23 So as far as the methodology</p> <p>24 works, you need to look at on the forecast</p> <p>25 basis, which I talked to, on a forecast basis</p>	<p>1 R. D'VARI</p> <p>2 you have an input, which is dependent on the</p> <p>3 market condition as of the date of the</p> <p>4 analysis and every day in the market you have</p> <p>5 a -- not every day, but as time evolves, the</p> <p>6 assumptions evolve. So what I am saying is</p> <p>7 that the analysis as of any other date in the</p> <p>8 last five, six years, would not directly be</p> <p>9 relevant because you already have captured</p> <p>10 the history between that point to now. What</p> <p>11 you need to concern yourself with is what is</p> <p>12 going to happen from this point onward, which</p> <p>13 really depends on the market conditions of to</p> <p>14 date onward. So that's the way the analysis</p> <p>15 works.</p> <p>16 So therefore, not only there's no</p> <p>17 need for me to look back at what I did</p> <p>18 sometime in the past is actually not a</p> <p>19 general practice. Unless I was asked to</p> <p>20 review 2011 or 2010, there is no need for me</p> <p>21 to look at what happens because there -- it's</p> <p>22 a night and day.</p> <p>23 Q. So you used nothing from the FGIC</p> <p>24 engagement to do your analysis in this case?</p> <p>25 MR. LAWRENCE: Objection. Asked</p>

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<p>1 R. D'VARI</p> <p>2 and answered.</p> <p>3 A. I have provided you what we</p> <p>4 arrived on. The analysis is very blind. It</p> <p>5 is only to the date you are looking at it and</p> <p>6 what assumptions do we have, and we have</p> <p>7 already provided you the inputs. The inputs</p> <p>8 were freshly calculated as of the analysis</p> <p>9 date.</p> <p>10 Q. So a yes or no question. Again,</p> <p>11 this is my last question.</p> <p>12 MR. LAWRENCE: It is asked and</p> <p>13 answered.</p> <p>14 But if you can answer a yes or</p> <p>15 no, you can.</p> <p>16 A. Sure.</p> <p>17 Q. My question is, so you are</p> <p>18 testifying that you used nothing from the</p> <p>19 FGIC engagement we have been discussing in</p> <p>20 connection with the analysis in this</p> <p>21 Declaration?</p> <p>22 A. Yes.</p> <p>23 MR. CARNEY: Okay. With that, I</p> <p>24 will yield the rest of the time. If I</p> <p>25 preserve any, I might have leftover.</p>	<p>1 R. D'VARI</p> <p>2 MR. LAWRENCE: It is 1:00 p.m.</p> <p>3 (Whereupon, a lunch recess was</p> <p>4 held.)</p> <p>5</p> <p>6</p> <p>7</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>
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<p>1 R. D'VARI</p> <p>2 ***AFTERNOON SESSION***</p> <p>3 CONTINUED EXAMINATION BY</p> <p>4 MR. BAIO:</p> <p>5 Q. My name is Joe Baio. I represent</p> <p>6 certain investors in certain of the FGIC</p> <p>7 Insured Trusts, and I will be asking you some</p> <p>8 questions now.</p> <p>9 Do you prefer to be called</p> <p>10 Dr. D'Vari or Mr. D'Vari?</p> <p>11 A. D'Vari, Ron, it doesn't really</p> <p>12 matter.</p> <p>13 Q. I won't use your first name, but</p> <p>14 Mr. or Doctor, which should I use.</p> <p>15 A. Mr. is fine, with or without.</p> <p>16 Q. Okay. I won't -- just the last</p> <p>17 name. Mr. D'Vari. Mr. D'Vari, can you look</p> <p>18 at Exhibit 4, which is the Declaration that</p> <p>19 you provided in support of the motion.</p> <p>20 A. Is that 5 or 4?</p> <p>21 Q. I may have the wrong number. It</p> <p>22 is Exhibit 5, I apologize. Exhibit 5.</p> <p>23 A. No problem.</p> <p>24 Q. Did you write any of the words</p> <p>25 that appear in this report?</p>	<p>1 R. D'VARI</p> <p>2 A. Yes.</p> <p>3 Q. Or on this Declaration?</p> <p>4 A. Yes.</p> <p>5 Q. You did. Did others write it</p> <p>6 with you?</p> <p>7 A. Yes, I have a staff that</p> <p>8 helps out.</p> <p>9 Q. Did you review it carefully</p> <p>10 before you signed it?</p> <p>11 A. Yes, I did. This ultimately was</p> <p>12 my opinion.</p> <p>13 Q. Did you believe at the time that</p> <p>14 you signed it, which was June 7th, 2013, that</p> <p>15 everything in there was accurate?</p> <p>16 A. Accurate?</p> <p>17 Q. Yes.</p> <p>18 A. Yes.</p> <p>19 Q. And did you ask your colleagues</p> <p>20 who work with you to similarly be sure that</p> <p>21 everything in this document was accurate?</p> <p>22 A. Correct.</p> <p>23 Q. Now, let's look at your opinion</p> <p>24 in Paragraph 2. I know you have testified a</p> <p>25 bit about it, but I want to focus a little</p>

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<p>1 R. D'VARI</p> <p>2 bit more on it.</p> <p>3 A. Sure.</p> <p>4 Q. You offer this Declaration to</p> <p>5 opine on and then you have two items; is that</p> <p>6 correct?</p> <p>7 A. Yes.</p> <p>8 Q. Let's go over the first item,</p> <p>9 first in your opinion. You are to opine on</p> <p>10 quote "the lifetime expected collateral</p> <p>11 losses of the RMBS trusts, paren the FGIC</p> <p>12 Insured Trusts close paren, referenced in</p> <p>13 Exhibit B of the FGIC ResCap Settlement</p> <p>14 Agreement, paren the Settlement Agreement,</p> <p>15 close paren, which I understand to be the</p> <p>16 basis asserted by the trustees for the amount</p> <p>17 of their claims" and let's do close quote</p> <p>18 there. You see that language, right?</p> <p>19 A. Yes, I do.</p> <p>20 Q. What is the Settlement Agreement</p> <p>21 that you are referring to in the document</p> <p>22 that you signed on June 7th?</p> <p>23 A. The Settlement Agreement is</p> <p>24 between FGIC trustees and ResCap.</p> <p>25 Q. Okay. And you reviewed that</p>	<p>1 R. D'VARI</p> <p>2 Settlement Agreement; is that correct?</p> <p>3 A. Not in details.</p> <p>4 Q. Did you review it in any way,</p> <p>5 shape, or form?</p> <p>6 A. Very casually.</p> <p>7 Q. Do you understand that it</p> <p>8 involves a proposed \$253.3 million</p> <p>9 commutation payment?</p> <p>10 A. I did not go through the details</p> <p>11 of that at all.</p> <p>12 Q. Okay. You do refer to Exhibit B</p> <p>13 of that Settlement Agreement. Did you review</p> <p>14 that document?</p> <p>15 A. It wasn't something that we</p> <p>16 relied on.</p> <p>17 Q. Well, when you look at page 12 --</p> <p>18 sorry, Paragraph 12 of your Declaration, your</p> <p>19 first sentence in Paragraph 12 is quote "I</p> <p>20 examined 47 FGIC Insured Trusts listed in</p> <p>21 Exhibit B to the Settlement Agreement."</p> <p>22 A. Right.</p> <p>23 Q. Do you see that?</p> <p>24 A. Yes, I do.</p> <p>25 Q. So what you looked at were the</p>
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<p>1 R. D'VARI</p> <p>2 FGIC Insured Trusts that were identified in</p> <p>3 the Settlement Agreement, correct?</p> <p>4 A. That's really the most -- the</p> <p>5 only relevant connection between the</p> <p>6 settlement.</p> <p>7 Q. That is the population that you</p> <p>8 looked at; is that correct?</p> <p>9 A. The population was provided to us</p> <p>10 by the counsel, which was represented as part</p> <p>11 of the Exhibit B of the Settlement Agreement.</p> <p>12 Q. And you have no reason to believe</p> <p>13 that representation was inaccurate, do you?</p> <p>14 A. Perhaps.</p> <p>15 MR. LAWRENCE: Dr. D'Vari, if</p> <p>16 you let Mr. Baio finish his question</p> <p>17 before you answer. It is for the</p> <p>18 Court Reporter's -- so she can't type</p> <p>19 over both of your conversations.</p> <p>20 Q. You have no reason to believe</p> <p>21 that representation that you received about</p> <p>22 the 47 trusts in Exhibit B was inaccurate; is</p> <p>23 that correct?</p> <p>24 A. Correct.</p> <p>25 Q. Now, you refer in the sentence --</p>	<p>1 R. D'VARI</p> <p>2 or the first opinion that you provided that</p> <p>3 quote, "you understand to be the basis</p> <p>4 asserted by the trustees for the amount of</p> <p>5 their claims." Do you see that?</p> <p>6 A. Correct, I do.</p> <p>7 Q. Where did you get that</p> <p>8 understanding?</p> <p>9 A. From primarily the counsel.</p> <p>10 Q. When you are referring to claims</p> <p>11 asserted by the trustees, do you mean by the</p> <p>12 FGIC Insured Trust trustees?</p> <p>13 A. No, the trustees of the bonds. I</p> <p>14 mean the vehicles.</p> <p>15 Q. And the vehicles are the</p> <p>16 47 trusts that you reviewed, correct?</p> <p>17 A. The 47 trusts, yes.</p> <p>18 Q. So this is the trust that would</p> <p>19 be asserted by the trustees of those</p> <p>20 47 trusts?</p> <p>21 A. Correct.</p> <p>22 Q. That's the claims that you were</p> <p>23 referring to, correct?</p> <p>24 A. References those.</p> <p>25 Q. Yes. And claims against whom?</p>

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A. Not really something that we needed to know.

Q. Well, is it your understanding, as you provided this opinion and when you referred to claims, that it was claims by those trustees against FGIC?

A. No.

Q. Okay. Who did you understand that those claims would be against?

A. The debtors.

Q. Okay. It is only against the debtors, not against FGIC?

A. That's my understanding.

Q. When you look at the -- I am going to go to the based on this understanding and then I will go back to -- let me do it in a different order.

Your second opinion relates to the following, quote, "The extent of any past or future losses to holders of securities issued by the FGIC Insured Trusts not insured FGIC."

Do you see that?

A. Yes, I do.

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Q. You state, "which I understand to be outside the scope of the release provided by the Settlement Agreement." Close quote.

Do you see that?

A. I do.

Q. What release were you referring to?

A. Let me just think through that and I will answer. My understanding that would be the release effectively by FGIC against the debtors.

Q. Well, read the next sentence and see if that changes your view, and by the next sentence I mean "Based on this understanding, as described further below, I believe that a conservative estimate of the aggregate amount of the claims released by the FGIC trustees as defined below under the Settlement Agreement is approximately \$5 billion."

A. I want to correct the prior answer that would have been FGIC and the trustees as it relates to tranches of borrowings that would be wrapped by FGIC. So

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I assume that's a three way. Now, please ask the question -- the second question.

Q. Is it your understanding that the released claims that you identify in the sentence I just read are, among other things, claims by the FGIC trustees against others that are being released?

A. If you go back to the sentence that you had before.

Q. Yes.

A. That is, which I understand to be the basis, I take that as a given.

Q. Okay.

A. Not something that I am opining on.

Q. Understood. But it is an understanding that you have and then reaching the conclusion that is described in the sentence that begins with the words "based on this understanding"; is that correct?

A. Correct.

Q. Okay. And when you referred to the claims released by the FGIC trustees you are referring to the aggregate amount of the

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claims that the FGIC trustees will be given -- giving up in the settlement which includes claims against FGIC, correct?

A. Not the actual claim, but the -- it says "conservative estimate." So there is nothing in the sentence talks about actualities, talks about the potential size and again, it is a mathematical construct as opposed to opining on what the claims may or may not be.

Q. Well, you did give an estimate of those claims, correct?

A. No.

Q. You gave an estimate of what the losses would be that would be suffered by the trusts as a result of impairments in the collateral?

A. No.

Q. I want to go back to the sentence and see what you are referring to. Leave aside conservative estimate.

A. Yes.

Q. When you referred to the claims released by the FGIC trustees, in that

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<p>1 R. D'VARI</p> <p>2 sentence, is it accurate that you are</p> <p>3 referring to claims that the FGIC trustees</p> <p>4 are releasing under the Settlement Agreement</p> <p>5 against FGIC, among others?</p> <p>6 MR. DEVORE: Objection to form.</p> <p>7 A. Again, it is based on assumption,</p> <p>8 not the total losses of collateral is their</p> <p>9 claim, which I was provided. That's the</p> <p>10 understanding.</p> <p>11 Q. Yes. And it is the claims that</p> <p>12 are being released are claims against FGIC,</p> <p>13 among others?</p> <p>14 MR. DEVORE: Objection to form.</p> <p>15 MR. LAWRENCE: Objection.</p> <p>16 Q. Correct?</p> <p>17 A. Again, the particulars is not</p> <p>18 what I reviewed. All I am saying is that</p> <p>19 that number is nothing but subtraction math.</p> <p>20 Collateral losses less our estimated losses</p> <p>21 on tranches, two different animals, you get</p> <p>22 to a number and if certain claims are</p> <p>23 released by definition, if you assume the</p> <p>24 total claim is equal, assumed, not a given</p> <p>25 fact, it is not our place to opine on, was</p>	<p>1 R. D'VARI</p> <p>2 5.4 billion was the total, then the</p> <p>3 difference between those two would be</p> <p>4 attributable to the difference.</p> <p>5 Q. I hear what you're saying and I</p> <p>6 am going to move to strike. I am asking you</p> <p>7 about the claims. You are using a word in</p> <p>8 your document that you signed "claims</p> <p>9 released by the FGIC trustees under the</p> <p>10 Settlement Agreement." What claims were you</p> <p>11 referring to when you used those words in</p> <p>12 Paragraph 2, the opinion paragraph, that you</p> <p>13 have provided to us and to the court?</p> <p>14 A. Please repeat the question and</p> <p>15 specifically on the what.</p> <p>16 Q. Claims released by the FGIC</p> <p>17 trustees, what claims were you talking about</p> <p>18 in that sentence?</p> <p>19 A. They are aggregate total claims</p> <p>20 of the trustees in this matter is the</p> <p>21 collateral losses as I was told.</p> <p>22 Q. Okay.</p> <p>23 A. So if certain -- if the estimate,</p> <p>24 there are two parties, several parties</p> <p>25 involved. And if you estimate one piece, you</p>
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<p>1 R. D'VARI</p> <p>2 subtract it from the total, not saying that</p> <p>3 the total is representing anything, the</p> <p>4 number you get is five point -- 5 billion and</p> <p>5 change. That would be effectively the</p> <p>6 difference between those two numbers. That's</p> <p>7 all I am saying.</p> <p>8 Q. I move to strike again. I'm only</p> <p>9 asking about the claims that you are</p> <p>10 referring to in this sentence you're talking</p> <p>11 about claims released by the FGIC trustees</p> <p>12 under the Settlement Agreement. Let's leave</p> <p>13 aside the valuation. Those claims are claims</p> <p>14 that have been asserted by the FGIC trustees</p> <p>15 against, among others, FGIC, correct?</p> <p>16 MR. DEVORE: Objection to form.</p> <p>17 MR. LAWRENCE: Objection.</p> <p>18 Misstates his testimony.</p> <p>19 A. Yes.</p> <p>20 Q. Can you answer that yes or no?</p> <p>21 A. Please repeat it again.</p> <p>22 Q. The claims that you are referring</p> <p>23 to, when you refer to claims released by the</p> <p>24 FGIC trustees under the Settlement Agreement,</p> <p>25 what are those claims?</p>	<p>1 R. D'VARI</p> <p>2 A. It goes back to the prior</p> <p>3 sentence that it says assuming, based on our</p> <p>4 understanding, not our opinion.</p> <p>5 Q. Yes.</p> <p>6 A. Right. Very different. Based on</p> <p>7 our understanding, if the total claims</p> <p>8 asserted is the total collateral losses and</p> <p>9 we estimate the total collateral losses to be</p> <p>10 5.4 billion.</p> <p>11 Q. Yes.</p> <p>12 A. And if we then also -- the Part 2</p> <p>13 of our question is to estimate the non-FGIC</p> <p>14 wrapped potential losses, which also</p> <p>15 calculated, if you subtract those</p> <p>16 two numbers, you effectively -- and if they</p> <p>17 are released by the trustee is specifically</p> <p>18 saying then they will release everything.</p> <p>19 Q. Yes.</p> <p>20 A. Except the potential claim for</p> <p>21 the non-wrap portion, it is a simple</p> <p>22 mathematical subtraction that what would be</p> <p>23 remaining would be 5 billion that would be</p> <p>24 released from trustees point of view when</p> <p>25 they do that. It is a mathematical, not an</p>

<p style="text-align: right;">Page 154</p> <p>1 R. D'VARI</p> <p>2 opinion.</p> <p>3 Q. I think you have answered the</p> <p>4 question as to what the claims are. I am not</p> <p>5 asking about the opinion. I asked what the</p> <p>6 claims were.</p> <p>7 MR. LAWRENCE: I will object to</p> <p>8 that whole line of questioning as</p> <p>9 calling for a legal conclusion.</p> <p>10 Q. Okay. I am just asking what the</p> <p>11 words were that he used. Do you want to</p> <p>12 change any of the words that you used in the</p> <p>13 opinion paragraph that you have here?</p> <p>14 A. No. It is just your</p> <p>15 interpretation. I will leave it at that.</p> <p>16 Q. The words are okay, you don't</p> <p>17 want to change a single word?</p> <p>18 A. It is what it is.</p> <p>19 Q. Good. Now, let's look at</p> <p>20 Paragraph 22 of the Declaration that you</p> <p>21 signed on June 7th. By the way, have you</p> <p>22 done any analysis or undertaken any work</p> <p>23 since June 7th that causes you to change</p> <p>24 anything that appears in this Declaration?</p> <p>25 A. No.</p>	<p style="text-align: right;">Page 155</p> <p>1 R. D'VARI</p> <p>2 Q. Now, Paragraph 22 talks about</p> <p>3 forecasting future collateral losses,</p> <p>4 correct?</p> <p>5 A. For specifically the collateral</p> <p>6 losses in this case. Nothing -- again, we</p> <p>7 are not talking about bonds.</p> <p>8 Q. And you state in Paragraph 22,</p> <p>9 quote, "To evaluate the expected future</p> <p>10 losses for each FGIC insured trust I and my</p> <p>11 team of experienced analysts acting under my</p> <p>12 supervision applied NewOak's RMBS Analysis</p> <p>13 Methodology." Do you see that language?</p> <p>14 A. Yes, I do.</p> <p>15 Q. And that's accurate, correct?</p> <p>16 A. That's definitely accurate.</p> <p>17 Q. Now, the RMBS -- the NewOak RMBS</p> <p>18 Analysis Methodology, how long have you been</p> <p>19 using that?</p> <p>20 A. Process is very similar along the</p> <p>21 way. The assumptions are market dependent</p> <p>22 and NewOak has been in existence for more</p> <p>23 than five years, and I have been in the</p> <p>24 business more than -- from effectively doing</p> <p>25 this type of work as early as 1998 on</p>
<p style="text-align: right;">Page 156</p> <p>1 R. D'VARI</p> <p>2 sub-prime non-agency.</p> <p>3 Q. Okay. Leaving aside the fact</p> <p>4 that the inputs can change based on market</p> <p>5 developments, is the methodology that you</p> <p>6 have been using and that you used here</p> <p>7 approximately the same methodology over the</p> <p>8 years that you identified?</p> <p>9 A. To the extent that you arrive at</p> <p>10 the vectors for voluntary prepayment, for CDR</p> <p>11 and for severity, once you get there, then</p> <p>12 everything else is very mechanical process</p> <p>13 going to -- through Intex and that portion,</p> <p>14 typically doesn't change. Whether you use it</p> <p>15 from an Excel sheet running into Intex or you</p> <p>16 use it from a web based or you use it --</p> <p>17 from, you know, a C code driven application,</p> <p>18 but the actual mechanical process effectively</p> <p>19 would be similar.</p> <p>20 Q. Over the range of from 1998 to</p> <p>21 the present; is that correct?</p> <p>22 A. No, no.</p> <p>23 Q. From when? Over what period?</p> <p>24 A. Let's say from the history of</p> <p>25 NewOak Capital.</p>	<p style="text-align: right;">Page 157</p> <p>1 R. D'VARI</p> <p>2 Q. Which is five years?</p> <p>3 A. Five years, yes.</p> <p>4 Q. You then state in that paragraph,</p> <p>5 quote "that methodology creates independent</p> <p>6 projections for each trust and group of loans</p> <p>7 based on their own characteristics and</p> <p>8 historical performance."</p> <p>9 A. Correct.</p> <p>10 Q. Period, close quote. You say</p> <p>11 that that's accurate, correct?</p> <p>12 A. Yes, it is.</p> <p>13 Q. Your next sentence says "NewOak</p> <p>14 has applied this methodology successfully for</p> <p>15 its RMBS whole loan pools and mortgage</p> <p>16 servicing rights cash flow analysis and loss</p> <p>17 estimation for many of its large</p> <p>18 institutional clients."</p> <p>19 Do you see that?</p> <p>20 A. Yes, I do.</p> <p>21 Q. That also is accurate; is that</p> <p>22 correct?</p> <p>23 A. It sure is.</p> <p>24 Q. The next paragraph states quote</p> <p>25 "NewOak's RMBS Analysis Methodology considers</p>

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2 information and relies upon assumptions
3 customarily employed by market participants."
4 Do you see that?
5 A. Yes.
6 Q. What do you mean by that? What
7 do you mean by "market participants"?
8 A. Well, there are bondholders.
9 There are investors. There are people that
10 buy and sell. There are intermediaries.
11 There are regulators that potentially want to
12 see numbers. They hire agents. So
13 institutional investors including the
14 sovereign trade practitioners.
15 Q. Is it your testimony that the
16 methodology that you employed in this matter
17 considers information and relies upon
18 assumptions that those market participants
19 themselves employ so far as you know?
20 A. Customarily. Customarily. Again
21 I go back -- voluntary prepayment, CDRs and
22 severities. That is a customary way to drive
23 Intex to get cash flows and then from those
24 cash flows, estimate tranches. Intex is a
25 market accepted tool. Securities get traded

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1 R. D'VARI
2 quote, 'Base Case,' close quote, collateral
3 performance projection."
4 Do you see that?
5 A. Yes.
6 Q. What do you mean by "Base Case"?
7 A. Base Case is our expected case
8 given everything we know as of today and our
9 view of how things will develop and I will
10 leave it at that.
11 Q. When you say "expected," you mean
12 more expected than either a more optimistic
13 case or a more pessimistic case, is that what
14 you mean?
15 A. Please clarify the question
16 again. Repeat it.
17 Q. You said "The Base Case is our
18 expected case given everything we know as of
19 today and our view of how things will
20 develop," correct?
21 A. That's the expected numbers.
22 Q. You also do other -- you make
23 other assumptions that are more optimistic or
24 more pessimistic than those that you use in
25 the Base Case, correct?

1 R. D'VARI
2 on that basis and they use it for accounting
3 purposes. They use it for all sorts of other
4 things. Now, as far as developing your own
5 assumptions, you need to take input from the
6 market and you also need to have internal
7 assessment of what future has and then apply
8 those in that manner. So that's what the
9 process is.
10 Q. That's what you did, if you go
11 back to Paragraph 2, to opine on the lifetime
12 expected collateral losses of the RMBS
13 trusts; is that correct?
14 A. Correct. And on the forecasted
15 portion.
16 Q. On the forecasted portion because
17 the non-forecasted portion is given as you
18 have testified, correct?
19 A. It is an objective number that
20 you need to have information on, which is
21 Intex provides.
22 Q. All right. Now if you look at
23 Paragraph 28 you refer to -- you state the
24 following, quote, "Next, we account for
25 macroeconomic influences resulting in a

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1 R. D'VARI
2 A. Not in this case but in general.
3 Q. Let's look at Exhibit 1 because I
4 do want to understand what Exhibit 1 is.
5 A. Sure.
6 Q. In Exhibit 1 you have certain
7 elements, you may have another word for them.
8 A. It is a driving elements.
9 Q. Okay. It Includes change in HPI,
10 housing price index, unemployment and credit
11 availability, as you have testified?
12 A. Absolutely.
13 Q. If you look on the left-hand side
14 of this chart, there are percentages. You
15 will see most optimistic, optimistic, Base
16 Case, pessimistic, most pessimistic. Do you
17 see that?
18 A. I do.
19 Q. And why do you have those
20 changes?
21 A. Those are for stress testing that
22 is done for -- often regulatory purposes for
23 determining some of the capital adequacy for
24 some larger banks and so on and so forth.
25 Q. So you did not do that in

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<p>1 R. D'VARI</p> <p>2 connection with the work that you did that is</p> <p>3 embodied in Exhibit 5, correct?</p> <p>4 A. No.</p> <p>5 Q. But this is work that you do --</p> <p>6 that is you -- strike that.</p> <p>7 You include most optimistic,</p> <p>8 optimistic, Base Case, pessimistic, and most</p> <p>9 pessimistic considerations in evaluations you</p> <p>10 do using your methodologies for other</p> <p>11 purposes, correct?</p> <p>12 A. Correct. As you notice, this is</p> <p>13 as of April 2013. So predates our analysis</p> <p>14 for, or even being contacted.</p> <p>15 Q. You are on the committee that</p> <p>16 establishes these?</p> <p>17 A. Yes.</p> <p>18 Q. You head that committee, correct?</p> <p>19 A. Yes, I coach it.</p> <p>20 Q. You what?</p> <p>21 A. Coach it.</p> <p>22 Q. Coach?</p> <p>23 A. Coach.</p> <p>24 Q. Okay. You are involved in the</p> <p>25 deliberations to determine what should be put</p>	<p>1 R. D'VARI</p> <p>2 in the Base Case, what should be put in the</p> <p>3 most optimistic case, et cetera?</p> <p>4 A. Sometimes I am present.</p> <p>5 Sometimes I am not. But I do definitely</p> <p>6 review the output.</p> <p>7 Q. You do the final okay on them,</p> <p>8 correct?</p> <p>9 A. The committee comes up and if I</p> <p>10 have an objection, I will raise it.</p> <p>11 Q. Okay. Now, since April of 2013,</p> <p>12 have you updated any of these estimates?</p> <p>13 A. No, April, May numbers were not</p> <p>14 updated. After, you know -- this is, again,</p> <p>15 the analysis was June 1st, so April, May, we</p> <p>16 effectively stayed on course.</p> <p>17 Q. Independent from what you did in</p> <p>18 this case, have you at NewOak updated any of</p> <p>19 these evaluations?</p> <p>20 A. To my understanding, this is the</p> <p>21 latest we have as of June 1st.</p> <p>22 Q. When do you anticipate doing the</p> <p>23 next one?</p> <p>24 A. I believe, actually, we may have</p> <p>25 done one very recently.</p>
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<p>1 R. D'VARI</p> <p>2 Q. Okay. And do you remember if,</p> <p>3 with respect to HPI, the numbers that appear</p> <p>4 here have changed?</p> <p>5 A. As you notice at the bottom,</p> <p>6 there are 036, these are effectively as of</p> <p>7 day of application.</p> <p>8 Q. Yes.</p> <p>9 A. So when you come to a certain</p> <p>10 point, you need to essentially think about</p> <p>11 whether -- whether the curve has shifted or</p> <p>12 is it the same date.</p> <p>13 Q. Yes.</p> <p>14 A. I don't fully recall whether</p> <p>15 those numbers have changed since the date of</p> <p>16 the analysis.</p> <p>17 Q. Do you recall the direction that</p> <p>18 they may have changed, up or down, more</p> <p>19 optimistic, less optimistic with respect</p> <p>20 to HPI?</p> <p>21 MR. LAWRENCE: Objection. That</p> <p>22 mischaracterizes his testimony.</p> <p>23 Q. With respect to HPI?</p> <p>24 A. I don't specifically recall</p> <p>25 whether those numbers turned up or down, but</p>	<p>1 R. D'VARI</p> <p>2 we do believe these numbers are affected by</p> <p>3 other factors including, you know,</p> <p>4 testimonies and other things.</p> <p>5 Q. And you have been collecting,</p> <p>6 evaluating those, that data, correct?</p> <p>7 A. Correct.</p> <p>8 Q. On a regular basis?</p> <p>9 A. Right. But the analysis is done</p> <p>10 as of a certain date.</p> <p>11 Q. Yes.</p> <p>12 A. So the date of the analysis is</p> <p>13 June 1st.</p> <p>14 Q. Right. But what I am asking you</p> <p>15 is if you have done these estimations, if you</p> <p>16 have done an update of those estimations not</p> <p>17 for purposes of this case but for purposes of</p> <p>18 the work that do you at NewOak?</p> <p>19 A. Post release of this --</p> <p>20 Q. Yes.</p> <p>21 A. -- report and the analysis? The</p> <p>22 numbers may have changed, but I don't recall</p> <p>23 exactly which way.</p> <p>24 Q. We request them for all of the --</p> <p>25 all of the indications here, HPI, credit</p>

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<p>1 R. D'VARI</p> <p>2 availability, and unemployment.</p> <p>3 I assume you will take it under</p> <p>4 advisement and get back to me?</p> <p>5 A. I will take it under advisement.</p> <p>6 MR. LAWRENCE: We will take it</p> <p>7 under advisement.</p> <p>8 Q. From that date, just based on all</p> <p>9 of your experience, do you think things are</p> <p>10 getting better or worse?</p> <p>11 A. In general?</p> <p>12 Q. Yes.</p> <p>13 A. I think they are -- effectively</p> <p>14 they are in the same range.</p> <p>15 Q. Okay.</p> <p>16 A. Effectively. With the potential,</p> <p>17 you know -- we are effectively in the same</p> <p>18 range.</p> <p>19 Q. You continue to monitor and you</p> <p>20 may reevaluate that based on events that</p> <p>21 occur?</p> <p>22 A. Yes.</p> <p>23 Q. Okay. Now, if you look at</p> <p>24 Paragraph 31 of your Declaration, which is</p> <p>25 Exhibit 5.</p>	<p>1 R. D'VARI</p> <p>2 A. Yes.</p> <p>3 Q. You state, quote, "In summary,</p> <p>4 the total lifetime collateral losses in FGIC</p> <p>5 Insured Trusts are" and then you have a</p> <p>6 number of calculations, "which lead to a</p> <p>7 future remaining expected loss of</p> <p>8 \$1,743,740,371."</p> <p>9 Do you see that?</p> <p>10 A. I do.</p> <p>11 Q. And that is the expected</p> <p>12 remaining -- sorry, the remaining future</p> <p>13 expected loss as you have described here</p> <p>14 based on the calculations that you performed</p> <p>15 as described in this document, correct?</p> <p>16 A. For collateral?</p> <p>17 Q. Yes.</p> <p>18 A. As of the date of the analysis.</p> <p>19 Q. Is that a nominal number or is it</p> <p>20 present valued in any way?</p> <p>21 A. No, those are denominal numbers.</p> <p>22 Q. Did you do any present value</p> <p>23 work?</p> <p>24 A. No. That was not required.</p> <p>25 Q. In connection with what you do at</p>
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<p>1 R. D'VARI</p> <p>2 NewOak, do you do present valuing for any of</p> <p>3 the evaluations that you do for market</p> <p>4 participants?</p> <p>5 A. For different purposes, yes.</p> <p>6 Q. Okay. Have you done it in</p> <p>7 connection with these trusts?</p> <p>8 A. No, we did not.</p> <p>9 Q. Can you look at what we have</p> <p>10 marked as Exhibit 4, the Miller Affidavit,</p> <p>11 Paragraph 12?</p> <p>12 A. Yes.</p> <p>13 Q. It states "Lazard also reviewed</p> <p>14 runoff projections previously prepared by</p> <p>15 FGIC in consultation with its advisors,</p> <p>16 including Blackstone Advisory Partners and</p> <p>17 stress case assumptions for FGIC's insured</p> <p>18 portfolio developed by NewOak Capital</p> <p>19 Advisors an independent financial advisor</p> <p>20 retained by counsel to FGIC."</p> <p>21 Do you see that?</p> <p>22 A. Yes.</p> <p>23 Q. You have no reason to believe</p> <p>24 that that statement is inaccurate, correct?</p> <p>25 A. Correct.</p>	<p>1 R. D'VARI</p> <p>2 Q. You believe it is accurate?</p> <p>3 A. Yes.</p> <p>4 Q. You believe that Lazard did, in</p> <p>5 fact, review stress assumptions, stress case</p> <p>6 assumptions for FGIC's insured portfolio</p> <p>7 developed by your firm, correct?</p> <p>8 MR. LAWRENCE: Objection. Lacks</p> <p>9 foundation. Calls for speculation.</p> <p>10 A. It is what it says.</p> <p>11 Q. And you, in fact, performed</p> <p>12 stress case assumptions for FGIC's insured</p> <p>13 portfolio; isn't that correct?</p> <p>14 THE WITNESS: Counsel?</p> <p>15 MR. GREEN: You can answer that</p> <p>16 to the extent it is not revealing</p> <p>17 confidential information about that</p> <p>18 previous engagement that's not already</p> <p>19 stated here.</p> <p>20 MR. LAWRENCE: So just a yes</p> <p>21 or no.</p> <p>22 A. Yes.</p> <p>23 Q. Okay. And do you know if we have</p> <p>24 been provided that, that is anyone on the --</p> <p>25 do you know if any of the trustees or --</p>

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<p>1 R. D'VARI</p> <p>2 strike that.</p> <p>3 Do you know if any of the</p> <p>4 investors in the trust have received this</p> <p>5 information that Lazard claims to have</p> <p>6 reviewed?</p> <p>7 A. Not through us.</p> <p>8 MR. BAIO: So that it is crystal</p> <p>9 clear, we request it if we haven't</p> <p>10 received it. It is something that</p> <p>11 Lazard reviewed. It refers to stress</p> <p>12 case assumptions. I don't know how we</p> <p>13 are suppose to cross-examine without</p> <p>14 that. So I will renew the request and</p> <p>15 I want it clear on the record that we</p> <p>16 want that stuff.</p> <p>17 MR. GREEN: Just to clarify, you</p> <p>18 are requesting information that the</p> <p>19 witness has testified that he did not</p> <p>20 consider at all in writing the report</p> <p>21 that is before us?</p> <p>22 MR. BAIO: Lazard considered</p> <p>23 certain things and people have used</p> <p>24 those numbers. We want to know what</p> <p>25 the basis is. And we will go to the</p>	<p>1 R. D'VARI</p> <p>2 court on that. That's all.</p> <p>3 MR. DEVORE: To be clear you</p> <p>4 have not deposed Lazard.</p> <p>5 MR. BAIO: We have just</p> <p>6 requested to do so.</p> <p>7 MR. DEVORE: You have not prior</p> <p>8 to today.</p> <p>9 MR. BAIO: If you think we are</p> <p>10 not entitled, we will bring it up with</p> <p>11 the court. We don't need a lot time.</p> <p>12 I don't know if we did with this. I'm</p> <p>13 not sure we knew we didn't have it.</p> <p>14 Any way it is what it is.</p> <p>15 MR. LAWRENCE: It was stated in</p> <p>16 here. I will state the debtor's</p> <p>17 objection that Mr. -- that Dr. D'Vari</p> <p>18 is here as an expert witness, not as a</p> <p>19 fact witness. He is here to testify</p> <p>20 about his opinions in his Declaration.</p> <p>21 Not some document that's in a</p> <p>22 Declaration from some Mr. Miller from</p> <p>23 Lazard.</p> <p>24 MR. BAIO: Fine. We have made</p> <p>25 the request and we will dance before</p>
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<p>1 R. D'VARI</p> <p>2 the court.</p> <p>3 MR. GREEN: One more</p> <p>4 clarification. Who is the request</p> <p>5 being made to?</p> <p>6 MR. BAIO: It's being made both</p> <p>7 to FGIC, to the witness, and to</p> <p>8 anybody else who has it who is in the</p> <p>9 room.</p> <p>10 MR. HAO: Can you explain the</p> <p>11 basis for the request?</p> <p>12 MR. BAIO: I'm explaining</p> <p>13 nothing. I am done now. I've</p> <p>14 explained it on the record. We are</p> <p>15 not burning any more time here. If</p> <p>16 you're confused, we will talk off the</p> <p>17 record.</p> <p>18 BY MR. BAIO:</p> <p>19 Q. Have you seen this Affidavit</p> <p>20 before?</p> <p>21 A. No. Other than today.</p> <p>22 Q. Have you seen any Duff & Phelps</p> <p>23 report?</p> <p>24 A. No.</p> <p>25 Q. Do you know what the Duff &</p>	<p>1 R. D'VARI</p> <p>2 Phelps report is?</p> <p>3 A. No.</p> <p>4 MR. BAIO: I have no further</p> <p>5 questions.</p> <p>6 EXAMINATION BY</p> <p>7 MR. SHORE:</p> <p>8 Q. Good afternoon, Mr. D'Vari. I am</p> <p>9 Chris Shore from White & Case on behalf of</p> <p>10 the Ad Hoc Group of Junior Secured</p> <p>11 Noteholders. I have some follow-up</p> <p>12 questions.</p> <p>13 How did you get the ResCap</p> <p>14 assignment?</p> <p>15 A. I got a call from a -- actually,</p> <p>16 one of our new employees had been approached</p> <p>17 and then by Morrison, ultimately.</p> <p>18 Q. Okay. And when did you first</p> <p>19 start work on the ResCap assignment?</p> <p>20 MR. LAWRENCE: Objection. Asked</p> <p>21 and answered.</p> <p>22 Q. Well, I think you said the end of</p> <p>23 June but your Declaration is June 7th. So</p> <p>24 can you give me a little more specificity</p> <p>25 when in relation to the issuance of your</p>

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<p>1 R. D'VARI</p> <p>2 report you were retained by the debtors?</p> <p>3 A. Somewhere in between. I mean,</p> <p>4 essentially between those two dates, yes.</p> <p>5 Q. Well, when did you first start</p> <p>6 work on the ResCap matter?</p> <p>7 A. Immediately.</p> <p>8 Q. Okay. And when was that in</p> <p>9 relation to the issuance of your report?</p> <p>10 A. When was -- sorry, please</p> <p>11 clarify.</p> <p>12 Q. Your report was, you signed on</p> <p>13 June 7th?</p> <p>14 A. Right.</p> <p>15 Q. Okay. How much prior to that or</p> <p>16 how long --</p> <p>17 A. Sorry, did you say June or July?</p> <p>18 Q. June.</p> <p>19 MR. LAWRENCE: Take a look at</p> <p>20 Exhibit 5 just to clarify things,</p> <p>21 Chris. So get Exhibit 5, it is right</p> <p>22 here, Dr. D'Vari.</p> <p>23 Q. Tell me what date you signed that</p> <p>24 document.</p> <p>25 A. The approach was towards the</p>	<p>1 R. D'VARI</p> <p>2 Thanksgiving day. And the report was issued</p> <p>3 June 7th.</p> <p>4 Q. Your approach was towards</p> <p>5 Thanksgiving day, November?</p> <p>6 A. Sorry, essentially around end</p> <p>7 of May.</p> <p>8 Q. End of May, okay. So when around</p> <p>9 the end of May?</p> <p>10 A. Don't recall the exact date.</p> <p>11 Q. Did you keep time records on this</p> <p>12 engagement?</p> <p>13 A. Yes, we do.</p> <p>14 MR. SHORE: Will you produce the</p> <p>15 time records that will show, you can</p> <p>16 redact whenever you want, but I want</p> <p>17 know when the start date was for the</p> <p>18 work that Mr. D'Vari did in connection</p> <p>19 with the issuance of his report.</p> <p>20 MR. LAWRENCE: We will take it</p> <p>21 under advisement. I will say that his</p> <p>22 retention application includes the</p> <p>23 engagement letter. So you should be</p> <p>24 able to get the information there as</p> <p>25 well.</p>
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<p>1 R. D'VARI</p> <p>2 MR. SHORE: But the engagement</p> <p>3 letter doesn't tell me when the</p> <p>4 witness started working on it.</p> <p>5 Q. How much time did you spend in</p> <p>6 the preparation of D'Vari Number 5?</p> <p>7 A. The team?</p> <p>8 Q. You.</p> <p>9 A. Oh, myself?</p> <p>10 Q. Yes.</p> <p>11 A. The portion of the assignment</p> <p>12 that relates to calculating the actual</p> <p>13 numbers that goes into the report are not</p> <p>14 really recorded per se.</p> <p>15 Q. How much time did you personally</p> <p>16 spend on the preparation of the D'Vari</p> <p>17 Number 5?</p> <p>18 A. I would say that would exceed,</p> <p>19 perhaps, 20 or 30 hours.</p> <p>20 Q. And how much of that 20 to</p> <p>21 30 hours was spent in forming the opinions</p> <p>22 and how much was spent in drafting the</p> <p>23 document?</p> <p>24 A. The drafting is not -- I have a</p> <p>25 team. You have to recognize the number of</p>	<p>1 R. D'VARI</p> <p>2 people involved here, at least we mentioned</p> <p>3 four of them, including myself, would be</p> <p>4 five, and the analysis -- there was quite a</p> <p>5 bit of interaction by myself and the team in</p> <p>6 terms of -- as a matter of fact, figuring out</p> <p>7 the non-wrapped bonds and how to approach</p> <p>8 those. So there is a substantial amount of</p> <p>9 time spent.</p> <p>10 Q. Let me ask my question again.</p> <p>11 Can you breakdown the 20 to 30 hours in the</p> <p>12 time you spent analyzing the issue and the</p> <p>13 time you spent drafting the report?</p> <p>14 A. That was an estimate that I need</p> <p>15 to verify and I will come back to you on</p> <p>16 that, if you wish.</p> <p>17 MR. LAWRENCE: Dr. D'Vari, I</p> <p>18 mean, you are here to testify to what</p> <p>19 you can recall here today. So that's</p> <p>20 how this works. So just testify to</p> <p>21 what you can recall here today. If</p> <p>22 Mr. Shore has any requests to the</p> <p>23 debtors, he will make those requests</p> <p>24 to the debtors. Just based on your</p> <p>25 memory here today.</p>

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<p>1 R. D'VARI</p> <p>2 A. It would be, based on my memory,</p> <p>3 it would have been more than 30, 40 hours.</p> <p>4 Q. So now we are at --</p> <p>5 A. That's just myself.</p> <p>6 Q. I am just asking for yourself.</p> <p>7 How much time did you personally spend in the</p> <p>8 preparation of D'Vari Number 5, both in doing</p> <p>9 the analysis that's expressed therein and</p> <p>10 drafting it?</p> <p>11 A. That's probably around 30 to 40,</p> <p>12 as I said. But again, totally an estimate.</p> <p>13 Q. In connection -- at any time</p> <p>14 since being hired by ResCap, have you spoken</p> <p>15 with ResCap management?</p> <p>16 A. No.</p> <p>17 Q. Have you ever spoken to the --</p> <p>18 the board of directors of ResCap?</p> <p>19 A. No.</p> <p>20 Q. Have you ever spoken to</p> <p>21 Lewis Kruger?</p> <p>22 A. No.</p> <p>23 Q. Do you know who Lewis Kruger is?</p> <p>24 A. No.</p> <p>25 Q. Did you ever speak to anybody</p>	<p>1 R. D'VARI</p> <p>2 representing the official committee of</p> <p>3 unsecured creditors in ResCap?</p> <p>4 A. Unsecured credit committee.</p> <p>5 Q. That you know of.</p> <p>6 A. I don't know who they are, so I</p> <p>7 can't tell you.</p> <p>8 Q. Have you ever spoken to anybody</p> <p>9 at Kramer Levin with respect to the opinions</p> <p>10 expressed in D'Vari Number 5?</p> <p>11 A. No.</p> <p>12 Q. How much have you charged the</p> <p>13 estate for the preparation of D'Vari</p> <p>14 Number 5?</p> <p>15 A. The total dollar amount?</p> <p>16 Q. The total.</p> <p>17 A. I can't -- I don't know the exact</p> <p>18 numbers to state. If you can -- you want to</p> <p>19 bracket it?</p> <p>20 Q. Sure. You can bracket it.</p> <p>21 A. Probably around 300 or 200.</p> <p>22 Somewhere or that's --</p> <p>23 Q. When in relation to the signing</p> <p>24 of D'Vari 5, which is June 7th, did you first</p> <p>25 reach your conclusions that you are</p>
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<p>1 R. D'VARI</p> <p>2 expressing in D'Vari 5?</p> <p>3 A. Yes, when we actually have -- we</p> <p>4 have already been drafting.</p> <p>5 Q. Okay. So when did you reach the</p> <p>6 conclusions in relation to June 7th, was it</p> <p>7 on June 7th, was it June 3rd?</p> <p>8 A. The numbers were being produced,</p> <p>9 being examined, being looked at, tables were</p> <p>10 getting produced and so on and so forth.</p> <p>11 There is a lot of aggregation of numbers</p> <p>12 involved. So in between, my team was working</p> <p>13 for plug ins in the numbers.</p> <p>14 Q. When was the first date you can</p> <p>15 recall giving Morrison & Foerster an</p> <p>16 indication of what the numbers were going</p> <p>17 to be?</p> <p>18 A. Until I have signed on something,</p> <p>19 it is not my opinion.</p> <p>20 Q. So you would not have told</p> <p>21 Morrison & Foerster before June 7th that your</p> <p>22 expert opinion with respect to the aggregate</p> <p>23 collateral losses was a specific number?</p> <p>24 A. That is not -- that is not true.</p> <p>25 Q. Well, what is?</p>	<p>1 R. D'VARI</p> <p>2 A. As I said, people talk estimates</p> <p>3 and exchange estimates or speak about it.</p> <p>4 But it is not final until it is final.</p> <p>5 Q. When was the first time you</p> <p>6 exchanged an estimate?</p> <p>7 A. I don't recall.</p> <p>8 Q. When in relation to June 7th, a</p> <p>9 day before, two days before, the day you got</p> <p>10 hired?</p> <p>11 A. You have to recognize NewOak does</p> <p>12 this analysis. We are setup to do the</p> <p>13 analysis. We do hundreds and thousands of</p> <p>14 CUSIPS and trusts. Our process is fairly</p> <p>15 standardized and it is independent and</p> <p>16 individual case. So this particular case</p> <p>17 would not have been much different than that.</p> <p>18 And when we run the analysis, we -- I think</p> <p>19 there is a lot of discussions on other</p> <p>20 things, but I don't exactly remember if it</p> <p>21 was 6th or the 5th or a few days, you know,</p> <p>22 in between those numbers. But that</p> <p>23 essentially would have been the -- sometime</p> <p>24 in between those two half point, we would</p> <p>25 have had preliminary analysis done already.</p>

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<p>1 R. D'VARI</p> <p>2 Q. Is it possible that you would</p> <p>3 have expressed at least your estimates of</p> <p>4 your conclusions in May?</p> <p>5 A. In May, no.</p> <p>6 Q. Okay.</p> <p>7 A. Not before we were engaged. Not</p> <p>8 at the time of engagement. None of that</p> <p>9 stuff.</p> <p>10 Q. Okay. Just a few followups on</p> <p>11 the FGIC work that you guys did. Have you</p> <p>12 been paid for that work?</p> <p>13 A. Yes, we have.</p> <p>14 Q. Okay. When were you paid?</p> <p>15 A. As we worked.</p> <p>16 Q. Has anybody at NewOak, as far as</p> <p>17 you know, worked for any of the trustees on</p> <p>18 the trusts that are in the schedules to</p> <p>19 D'Vari Number 5?</p> <p>20 A. I can't tell. I don't know.</p> <p>21 Q. What about indentured trustees on</p> <p>22 any securities issued by those trusts?</p> <p>23 A. I don't know.</p> <p>24 Q. And what about holders of</p> <p>25 securities or certificates in the trusts?</p>	<p>1 R. D'VARI</p> <p>2 A. I don't know.</p> <p>3 Q. When did you advise debtor's</p> <p>4 counsel that you had worked for FGIC in</p> <p>5 connection with the 47 trusts?</p> <p>6 MR. LAWRENCE: I will let you --</p> <p>7 you can testify as to the timing of</p> <p>8 the conversation with counsel but not</p> <p>9 the substance of the conversation with</p> <p>10 counsel. So his question was when.</p> <p>11 A. When did I highlight that I had</p> <p>12 worked previously for FGIC?</p> <p>13 Q. Yes.</p> <p>14 A. We never state that we've worked</p> <p>15 with something. You know, we typically,</p> <p>16 initially, highlight that there may be a</p> <p>17 conflict or not conflict and so on and so</p> <p>18 forth. It would be sometime during the</p> <p>19 initial discussions of our engagement letter.</p> <p>20 Q. So you believe that you told</p> <p>21 Morrison & Foerster that you had worked for</p> <p>22 FGIC in connection with the 47 trusts prior</p> <p>23 to executing the engagement letter?</p> <p>24 MR. LAWRENCE: I don't want you</p> <p>25 to testify about the substance of</p>
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<p>1 R. D'VARI</p> <p>2 conversations, but, Chris' question is</p> <p>3 loaded with substance of conversation.</p> <p>4 But if you want to answer as to a</p> <p>5 timing of when prior work was</p> <p>6 discussed, you can do that.</p> <p>7 A. It became apparent but not</p> <p>8 necessarily, you know, directly a statement.</p> <p>9 I am sorry, there is a public document that</p> <p>10 is already out there that is one of the</p> <p>11 exhibits that NewOak has prior to, to this.</p> <p>12 It is public information, which is not a</p> <p>13 confidential as to the fact that NewOak has</p> <p>14 worked for FGIC at some point. So we had</p> <p>15 raised that as something that needs to be</p> <p>16 valued.</p> <p>17 Q. Did you raise that before or</p> <p>18 after the execution of the retention letter?</p> <p>19 A. No, it wasn't after. It was not</p> <p>20 after.</p> <p>21 Q. So you raised it before?</p> <p>22 A. Yes.</p> <p>23 Q. In your Declaration, Paragraph 2,</p> <p>24 let me clear up some things. Mr. Baio was</p> <p>25 asking you about the questions, the aggregate</p>	<p>1 R. D'VARI</p> <p>2 amount of the claims released by the FGIC</p> <p>3 trustees.</p> <p>4 A. Yes.</p> <p>5 Q. In your testimony that was, as I</p> <p>6 understand it, claims both against the</p> <p>7 debtors and claims against FGIC, right?</p> <p>8 A. Again, I am not -- I haven't</p> <p>9 studied the exact settlements. For us, this</p> <p>10 is the aggregate amount that the trustee had</p> <p>11 claimed. I don't know from who and when and</p> <p>12 what. That's a legal question. All we are</p> <p>13 saying, if that's the total aggregate, that</p> <p>14 is an if, we don't know whether that is or</p> <p>15 not, it is a given number, then you subtract</p> <p>16 that number from the non-wrapped FGIC --</p> <p>17 sorry, non-wrapped bonds by FGIC, you get to</p> <p>18 this number which, if it is released, that</p> <p>19 would be the number. It is a simple math.</p> <p>20 Q. Right. I want to be clear. You</p> <p>21 didn't review any of the FGIC insurance</p> <p>22 policies, did you?</p> <p>23 A. No.</p> <p>24 Q. So you're not opining that the</p> <p>25 FGIC trustees could make a claim under those</p>

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1 R. D'VARI
2 policies in the amount of \$5 billion?
3 A. Absolutely not.
4 MR. BAIO: Object to the form.
5 Q. You didn't look at any of the
6 individual reps and warranties that any of
7 the debtors made?
8 A. No.
9 Q. Okay.
10 A. None of that are within the scope
11 of our opinion or we are not presenting any
12 opinion on that.
13 Q. Right. So you're not presenting
14 any opinion that that -- that the FGIC
15 trustees could present a valid claim under
16 any existing document in the amount of
17 \$5 billion against the debtors?
18 A. The answer to your question is
19 yes, we are not. That's a double negative.
20 Q. All right.
21 A. It is a single negative. Yes, we
22 are not saying that number represents
23 something we are opining on except the
24 difference of two numbers.
25 Q. So when you use the word claim

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1 R. D'VARI
2 you're not opining that they have fraud
3 claims?
4 A. Absolutely not.
5 Q. Which could -- okay. Or contract
6 claims?
7 A. That is true, I am not claiming
8 any of that.
9 Q. And you're not claiming that they
10 have valid alter ego or aiding and abetting
11 or piercing claims or anything else?
12 A. True, I am not claiming this.
13 Q. You used a valuation date of --
14 or a date of June 1, 2003.
15 A. Right.
16 MR. BAIO: 2013.
17 Q. As the analysis date of?
18 MR. LAWRENCE: Just to clarify
19 the record, you said 2003 but I think
20 you mean 2013.
21 Q. 2013.
22 A. 2013, yes.
23 Q. Why do you use that date?
24 A. That was the recent date
25 available for us to do our analysis.

1 R. D'VARI
2 here, is it fair to say what you are saying
3 is the trustees could write that down on a
4 piece of paper as an amount that they could
5 claim they lost?
6 MR. LAWRENCE: Object.
7 MR. BAIO: Object to the form.
8 A. I go again, we are not saying
9 that this is a valid claim or not. We are
10 saying if that is the total number, they are
11 claiming, if, if they release that -- I mean,
12 if the rest of this and you subtract it from
13 our total, then that's the number you get.
14 But there is no other representation or
15 opinion attached to that number.
16 Q. Okay. And by the way, you're not
17 expressing any opinion as to which of the
18 debtor entities the trustees could assert a
19 claim of \$5 billion?
20 A. Absolutely not.
21 Q. All right. Or the priority of
22 what that claim would be?
23 A. Absolutely not.
24 Q. And you're not opining as to the
25 basis for any of those claims, for example,

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1 R. D'VARI
2 Q. Was that your decision or was
3 that an assumption which you were given by
4 counsel?
5 A. I don't necessarily recall but
6 that would be the natural date to pick, which
7 is the -- to not try to estimate something
8 that has already occurred.
9 Q. At any time in the preparation of
10 your report, did you consider using the
11 petition date that the debtors filed for
12 bankruptcy as the date on which you would
13 determine the amount of collateral loss?
14 A. No, because we were not asked to
15 do that.
16 Q. Would there be a variance in your
17 view, I'm not asking you to quantify the
18 variance, but would there be a variance in
19 your conclusions if you used a 2012 date for
20 your analysis versus using a 2013 date?
21 MR. LAWRENCE: Objection.
22 Objection. Calls for speculation.
23 Go ahead.
24 A. The petition date was what date?
25 Q. It was May 2012?

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<p>1 R. D'VARI</p> <p>2 A. From my point of view,</p> <p>3 absolutely, there is a huge, a time versus</p> <p>4 now is, you know, you are still in the</p> <p>5 housing downturn. Now you are in a housing</p> <p>6 upturn.</p> <p>7 Q. So it would be directionally</p> <p>8 going which way, if you moved it back to the</p> <p>9 petition date?</p> <p>10 A. Again, I do not want to speculate</p> <p>11 to the extent, you know, there are</p> <p>12 two things. Losses that occurred between</p> <p>13 that date until today and you need to</p> <p>14 consider that because those are actual now</p> <p>15 rather than estimated. In addition to that,</p> <p>16 you know, essentially, I would -- you know,</p> <p>17 these pools are highly seasoned. So they</p> <p>18 there would be some change and that would</p> <p>19 probably be improving or reducing the losses.</p> <p>20 Q. Okay. Did you review any proofs</p> <p>21 of claim filed by any creditors in the ResCap</p> <p>22 bankruptcy cases?</p> <p>23 A. No.</p> <p>24 Q. Were you asked to participate in</p> <p>25 any negotiations between the debtors and FGIC</p>	<p>1 R. D'VARI</p> <p>2 with respect to the Settlement Agreement?</p> <p>3 A. Absolutely not.</p> <p>4 Q. Did you even know that a</p> <p>5 Settlement Agreement was being negotiated at</p> <p>6 the time you were retained?</p> <p>7 A. No. At the time I was retained,</p> <p>8 yes, because we referred to it.</p> <p>9 Q. You referred to it in your</p> <p>10 report. I'm asking about when you were</p> <p>11 retained, which seems like two weeks earlier?</p> <p>12 A. Yes, but I think that</p> <p>13 discussion's from -- yes, we were aware of</p> <p>14 that.</p> <p>15 Q. At any time from your retention</p> <p>16 to the issuance of your report, did you</p> <p>17 express the view to Morrison & Foerster that</p> <p>18 you didn't have enough time to issue your</p> <p>19 report?</p> <p>20 A. No. Because that highlighted,</p> <p>21 this is a very typical exercise that we do</p> <p>22 and we are very well prepared for it and we</p> <p>23 have a team of 70 people and we have more</p> <p>24 than residential space as one of our top</p> <p>25 areas and we monitor this space. So, you</p>
Page 192	Page 193
<p>1 R. D'VARI</p> <p>2 know, looking at another 47 trusts, you know,</p> <p>3 at month end we probably look at, you know</p> <p>4 hundreds of them over a period of three days.</p> <p>5 Q. Sure. So I want to make</p> <p>6 perfectly clear the fact that you were</p> <p>7 retained two weeks prior to you issuing this</p> <p>8 report and doing 2 to \$300,000 worth of work</p> <p>9 was -- did not impact at all the quality of</p> <p>10 the work you were able do in that period?</p> <p>11 MR. LAWRENCE: Objection to the</p> <p>12 characterization.</p> <p>13 A. The seven-day in terms of</p> <p>14 analysis day for this is not something that a</p> <p>15 practitioner like myself or other qualified</p> <p>16 RMBS experts would consider actually a short</p> <p>17 time. They would not consider it a short</p> <p>18 time. Because when you trade these</p> <p>19 instruments on an instant basis, you are</p> <p>20 prepared. You are laid up. You will have</p> <p>21 all your tools ready. This is not</p> <p>22 something -- we are not foreign to this</p> <p>23 space. This is, you know, like asking the</p> <p>24 milk man to produce milk.</p> <p>25 Q. Is it your recollection now that</p>	<p>1 R. D'VARI</p> <p>2 your -- from the time of your retention to</p> <p>3 the issue of your report it was seven days, I</p> <p>4 think you said seven days in your answer?</p> <p>5 A. You are asking me to nail it</p> <p>6 down. But what I am saying is, it was</p> <p>7 relatively short.</p> <p>8 Q. Okay. I have nothing --</p> <p>9 A. Relatively within a 7 to 14 day</p> <p>10 kind of timeframe.</p> <p>11 MR. SHORE: No further</p> <p>12 questions.</p> <p>13 A. Not short for this work but from</p> <p>14 the standpoint of perhaps others.</p> <p>15 MR. SHORE: Okay. I have no</p> <p>16 further questions.</p> <p>17 MR. LAWRENCE: Anyone else have</p> <p>18 any further questions?</p> <p>19 MR. CARNEY: I just have</p> <p>20 one question, but I want to ask anyone</p> <p>21 from trustee's counsel if they have</p> <p>22 produced the work papers of</p> <p>23 Mr. D'Vari. I don't recall receiving</p> <p>24 them.</p> <p>25 MR. LAWRENCE: Let's go off the</p>

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R. D'VARI
record.
(Whereupon, at 2:13 p.m., the
Examination of this Witness was
concluded.)

RON D'VARI

Subscribed and sworn to before me
this ____ day of _____, 2013.

NOTARY PUBLIC

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E X H I B I T S

EXHIBIT NUMBER	EXHIBIT DESCRIPTION	PAGE
Exhibit 1	Home Price Index Used In Analysis	14
Exhibit 2	Index Parameters Used In Analysis	14
Exhibit 3	Import to Analysis	14
Exhibit 4	Affidavit of Michael W. Miller in Further Support of the First Amended Plan of Rehabilitation	28
Exhibit 5	D'Vari Declaration Regarding 9019 Motion	49
Exhibit 6	Gary C. Holtzer's Affirmation in Support of the Settlement Agreement in the Rehabilitation Court	111

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INFORMATION AND/OR DOCUMENTS REQUESTED	PAGE
Request for engagement letter	20
Request for information	169

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C E R T I F I C A T E

STATE OF NEW YORK)
: SS.:
COUNTY OF NASSAU)

I, REBECCA SCHAUMLOFFEL, a Notary
Public for and within the State of New York,
do hereby certify:

That the witness whose examination
is hereinbefore set forth was duly sworn and
that such examination is a true record of the
testimony given by that witness.

I further certify that I am not
related to any of the parties to this action
by blood or by marriage and that I am in no
way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto
set my hand this 25th day of July, 2013.

REBECCA SCHAUMLOFFEL

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WITNESS ERRATA SHEET

Witness Name: Ron D'Vari

Case Name: In Re: Residential Capital

Date Taken: July 25, 2013

Page # _____ Line # _____

Should Read: _____

Reason for Change: _____

Page # _____ Line # _____

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Reason for Change: _____

Witness Signature: _____

Deposition Errata Sheet

In re Residential Capital, LLC, et al.,
Case No. 12-12020(MG)

Deponent: Ron D'Vari
Deposition Date: July 25, 2013

Citation	Testimony
9:22-25	A. Meaning things are <u>I mean</u> not conforming, Freddie and Fannie guaranteed bonds. Anything such as Alt A, sub-prime and non-agency mortgages.
10:2	and/or one of the <u>Government Sponsored Entities</u> guarantees,
12:2-5	A. My analysts as well as my associates and managing directors that have been involved and used in my normal course of work.
12:19	P-I-E-K-T-A Harrod <u>Haroon Jawadi</u> . For some reason I am
13:21	A. No. We're <u>We were</u> actually working on
15:19-21	the – effectively you are looking at index <u>Intex</u> parameters that were used in our analysis.
18:6-9	A. Sure. <u>When</u> Wwe we perform an analysis on a particular CUSIP that work on that and that depends on the number of parts set up, we get paid essentially a fixed fee on that.
22:13	MR. CARNEY <u>LAWRENCE</u> : You shouldn't
22:16-18	A. Essentially, <u>the</u> subject matter was something that we're tight <u>qualified</u> to deal with and <u>we</u> were asked to answer some questions and we
25:11	I don't know the <u>exactly</u> .
32:24	assignment- within . I have been instructed by
45:2-6	question for a yes or no. Because I am under I am not going to be, just for your information, I am not going to, you know <u>I am under a confidential confidentiality</u> agreement.
48:8	A. Not <u>that</u> I'm aware of.
48:18	A. I have no information past <u>post</u>

Citation	Testimony
50:18-21	A. I am providing opinion within the boundaries of what -- I have been instructed to calculate certain things and I have calculated irrespective of them <u>how they are used</u> .
52:14-19	A. Yes. I am here to offer you -- I was offering, essentially, answering to two questions, One, both related to a lifetime expected losses. One relates to the collateral underneath certain trusts, and; <u>the</u> second; was the lifetime losses related to
53:25	insurance <u>issuance</u> to the date of the analysis.
55:20-21	Would you rather me to <u>read</u> verbatim?
58:3-4	A. I've not been privileged for <u>privy</u> to that
59:16-19	A. Broad question but I will answer. Primarily <u>Intech Intex</u> . We also used MBS data, which is MBS data. We then use our own economic forecasts.
69:21	A. There is <u>are</u> 106 or 7 <u>107</u> , I don't
71:8-16	A. Only -- of the trusts themselves or the tranches? Yes, we have looked at all of these. But not as it relates to Question 1. But, again, the answer is all of them as far as looking at bonds -- I have to be very careful. The Question 1 is not really relates <u>related</u> to that assignment. What we are talking about is <u>that</u> our work is tranche based.
73:9-12	A. Correct. In some cases. Well, in no cases <u>the</u> trusts are <u>not</u> insured. But there could be situations where all bonds, certificates that are issued are insured.
74:19	index, that's an import <u>output</u> that is derived by
76:25 - 77:2-3	trustee, collected by Intex, and effectively reads presenting that back to -- so those are the actual numbers reported to <u>by the</u> trustee.
80:13	A. Correct. You won't pool <u>pull</u> that
81:10	and RMBS data and our assumptions to get to
82:2-6	Intex expects; as of the analysis date, forward looking, voluntary prepayments, forward looking essentially default rates and forward looking severities, combined with interest, term structure as of time of analysis.

Citation	Testimony
83:14-21	A. Again, it varies in details but —and the shape and their form is effectively predicting collateral prepayments, collateral defaults, collateral severity rates, converting those to in this particular case, you are looking at the underlying collateral itself not necessarily the tranches. And that would be standard.
84:11-12	A. Again, it varies in form. Typically in the marketplace. But you have
84:24	at ultimate cum cumulative loss, and that varies in
85:9-22	A. They're are, in Exhibit 3, and the information, again, repeatedly are done for let me actually see whether there are two dates, but ultimately, they apply to, as relative to the trust that they are in. So A trust may have multiple tranches, but the same assumption will be used for every single bond within that trust, and they would be under there are no column headings. I mean the Column A, B, C, D. But there is a prepay rate default and those would be numbers that you can see. Vector— They are not printed fully here but would be have been provided in Excel sheet format.
86:2-9	A. No. I think we have highlighted our macro. We have highlighted <u>the</u> specific run, which is, that's Exhibit 2, <u>based on</u> actually, that use those ultimately, the information that is provided in Exhibit 3, that goes into. The interest rate is obviously, If you run Intex with these inputs, you should be able to get similar answers.
88:20	believe <u>are</u> the most important factors for RMBS.
89:3	amount of supply and <u>we</u> also use what is called
89:6-7	subjective, not an objective parameter, that considers to be able to track its forecast
89:12	actually performed <u>analyze</u> for our clients on a
89:20	in the marketplace as <u>a</u> market observer and
91:17-25	A. That's a <u>That includes</u> research reports that we get from Street firms, and the number of them they are numerous. And we also actually look at the performance that we have seen on NewOak subscribes to MBSDData, <u>to which NewOak subscribes</u> . MBSDData was not as specifically applied, you know, in this run analysis, but there are— the performance and surveillance that we get from those <u>MBSDData</u> would highlight to us, for example, how the housing
92:2	market is working because of the severity <u>severities</u>

Citation	Testimony
96:12	used <u>analyzed</u> using NewOak's evolving methodology.
96:15-17	A. Same <u>Yes</u> – it would have been using the macro information from NewOak's. It would have used <u>and</u> ultimately getting to these
103:13	mortgage loan losses that underneath – which
106:12	that in my calculation; in my head.
107:25	claims by non-wrapped bonds, subtracted by <u>from</u>
108:3-4	that this amount is what it <u>is</u> potentially could be <u>released</u> .
108:6	A. Yes . 5.001, <u>approximately</u> 5 billion.
108:9	A. No, 54 <u>approximately 5.4</u> billion is total collateral.
111:7-8	A. I am saying it is a conservative number. <u>No</u> .
111:10-12	A. Again, that's not the subject of my opinion, but that's a side derived number from that.
115:10-11	take – you subtract <u>from</u> the total collateral loss from the interest in the tranches that
115:16	A. Correct. <u>Okay</u> .
116: 25	A. 3.67- <u>billion</u> .
119:4	A. Objection, <u>No</u> , I think you're
119:8	claims is a very complex and it requires
119:11-12	not one that I have done and it is not done., what I attempt here today.
119:20	claims may be X and <u>we</u> subtracted non-wrapped
125:4-6	A. In reference to what? There is a totality of the concentration that I am not aware of; what bonds we are looking at, what
129:4	specifically did the work <u>on this engagement for the debtors</u> , have not been
129:17	A. And he was also not involved <u>with the prior work for FGIC</u> .
133:17	A. If <u>In</u> every timeframe post crisis to

Citation	Testimony
134:3	different position. Weeks <u>Greece</u> was in a different
134:9-10	what <u>is</u> already <u>in</u> Intex and everybody has. What is not common is how <u>the</u> environment is changed
135:10-11	A. I can comment on our methodology in general <u>but not</u> in <u>the</u> context of anything else. Our
135:17	A. Again, I am not making <u>any</u> comment
136:24-25	works, you need to look at <u>it</u> on the forecast basis, which I talked <u>spoke</u> to. <u>On</u> a forecast basis
138:3-4	A. I have provided you what we arrived <u>relied</u> on. The analysis is very blind. It
143:3	A. Not in details <u>detail</u> .
144:6	settlement <u>and my analysis</u> .
144:10	By the counsel, which was represented as part
145:9	A. From primarily the counsel.
145:24	A. <u>It</u> references those.
146:2-3	A. <u>That is not</u> really something that we needed to know.
148:2	I assume that's a three way <u>arrangement</u> . Now, please ask.
149:8	actualities, <u>it</u> talks about the potential size
149:19	A. No. <u>Yes</u> .
152:19	A. Yes. <u>I don't know</u> .
153:14-18	wrapped potential losses, which <u>we</u> also calculated, <u>and then subtracted</u> . if you subtract those two numbers, you effectively — and if they are released by the trustee is specifically saying then they will release everything.
153:21	the non-wrapped portion, it is a simple
153:25	they do that. It is a mathematical, not an
156:12	everything else is <u>a</u> very mechanical process
159:7	assessment of what <u>the</u> future has <u>holds</u> and then apply

Citation	Testimony
159:14-15	A. Correct, And on the forecasted portion.
159:20	you need to have information on, which is
161:8	A. It is a <u>They are</u> driving elements.
162:13-14	As of April 2013. So <u>it</u> predates our analysis for, or even being contacted by, <u>the debtors.</u>
164:6	there are 036 <u>X-axis markings 0, 3, 6 months.</u> <u>These</u> are effectively as of
165:4	testimonies <u>economics</u> and other things.
167:21	A. No, those are denominal numbers.
173:17	and then by Morrison, ultimately.
174:3-4	A. Somewhere in between. I mean, essentially between those dates, yes. I <u>don't recall.</u>
179:21-22	A. Probably around <u>300,000</u> or <u>200,000</u> . Somewhere or that's
180:3-4	A. Yes, when we actually have we have already been <u>While we were</u> drafting.
181:21-24	was 6th or the 5th or a few days, you know, in between those numbers, But that essentially would have been the — sometime in between those two <u>half points,</u> we would
183:15	with something <u>someone</u> . You know, we typically,
184:11-12	exhibits that <u>says</u> NewOak has <u>worked</u> for FGIC prior to, to this. It is public information, which is not a
184:15-16	raised that as something that needs to be valued <u>evaluated</u> .
185:15-19	not, it is a given number, then you subtract <u>from</u> that number from the non- wrapped FGIC —sorry, non-wrapped bonds <u>not wrapped</u> by FGIC, <u>and</u> you get to this number which, if it is released, that would be the number. It is a simple math.
186:10-11	A. None of that are <u>is</u> within the scope of our opinion or <u>so</u> we are not presenting any
187:11-13	claiming, if, if they release that —I mean, if the rest of this and you subtract it from our total <u>except for the part we subtract,</u> then that's the number you get.
188:24	A. That was the <u>most</u> recent date

Citation	Testimony
190:3-5	absolutely, there is a huge <u>difference from that</u> , a time versus now is , you know, <u>then</u> you are <u>were</u> still in the housing downturn. Now you are in a housing
191:7	A. No. At the time I was retained,
191:20-25	A. No. Because that highlighted , this is a very typical exercise that we do and we are very well prepared for it and we have a team of 70 people and we have more the than residential space <u>as is</u> one of our top areas and we monitor this space. So, you
193:13-14	A. The seven-days in terms of analysis day <u>time</u> for this is not something that a

Date:

8/6/2013

Signed:


Ron D'Vari